FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,756 Friday January 5 1979

هكذا من الأجهل

CONTINENTAL SELLING PRICES: AUSTRIA Sch 16; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Pts 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Storm over leaked report

A major political row has broken out over the leaking of a report on the Birmingham University smallpox outbreak. The future of research at London's St. Mary's Hospital Medical School—Britain's only other smallpox research laboratory—is now increasingly uncertain.

While the Department of Health accused Mr. Clive Jenkins, leader of the Association of Scientific and Managerial Staffs, of a breach of faith for leaking the report the Tory spokesman for Social Services, Mr. Patrick Jenkin, called for a full explanation. Mr. Arthur Latham, Labour MP for Paddington, demanded a halt to such research experiments at St. Mary's in the light of the report's findings.

The row began when the Department of Health claimed that Mr. David Ennals, Social Services Secretary, had sent a copy of the report to Mr. Jenkins on the understanding that it was not to be published because of pending legal action by the Health and Safety Executive against Birmingham University. Page 5

Guadeloupe talks

President Carter and the leaders of Britain, France and West Germany start talks in Guadeloupe aimed at resolving differences dividing Washington from the rest of the Western Alliance. Page 3

Funeral protest

Demonstrators in Madrid called for an army takeover in Spain and burned Basque nationalist flags after the funeral of the city's military governor, shot by separatists. In Bilbao, a bomb explosion damaged the local passport office.

Begin pledge

Israeli Premier Menhem Begin said that Israel would continue its policy of building Jewish settlements on the West Bank. Members of his Likud party are angry over the Government's refusal to allow the ultra-nationalist Gush Emunim movement to make settlements there. Page 3

Guerrilla victim

Black nationalist guerrillas have killed a white district commissioner in Rhodesia. David Mirams, 39, died when his vehicle set off a land mine planted by guerrillas.

Hilton dies

Conrad Hilton, the 91-year-old founder of the Hilton hotel chain, died of pneumonia in a Los Angeles hospital. There are more than 200 Hilton hotels in five continents. Page 19

Cambodia threat

In spite of claims by Cambodia that it has slowed a major Vietnamese offensive, it is thought that Vietnamese forces are close to taking Phnom Penh. Page 3

Tanker barred

The crippled Greek supertanker Andros Patria was towed out of Portuguese waters after the Lisbon Government, fearing possible pollution, barred it from the country's ports. Page 2

Briefly

Cypriot cargo vessel sank in a storm off western France. Rescue aircraft spotted one survivor in a dinghy but there was no sign of others.

Winner of the January £100,000 Premium Savings Bond prize lives in Hampshire. The winning number is 14ZP 087055.

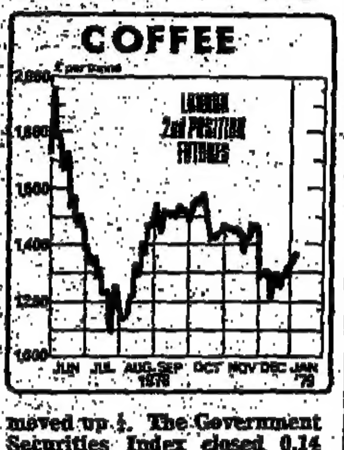
Twenty-eight Mafia bosses in Reggio Calabria received prison terms of up to 11 years in a trial that challenged for the first time their control of Southern Italy's economy. Page 15

BUSINESS

Equities rise 2.0; Gold up $6¼

● EQUITIES continued the advance they began on Wednesday, despite increasing prospects of lorry-drivers' action and gloomy news generally. The FT 30-share index closed 2.0 up at 481.9.

● GILTS moved forward a little. Shorts were finally trimmed to ¼, while longs moved up ¼. The Government Securities Index closed 0.14 up at 68.61.



● GOLD rose $6¼ to $225¼ after favourable reaction to the latest IMF gold auction.

● THE £ closed at $2.0165, a fall from $2.0245. Its trade-weighted index was unchanged at 63.7.

● THE DOLLAR closed at DM 1.8497½ (DM 1.8490). Depreciation widened to 9.1 per cent (9.0 per cent).

● WALL STREET shortly before the close was 826.66, up 9.27.

● COFFEE prices in London reached £1,368.5 a tonne, highest level since November. Page 23

● LLOYD'S self - regulation mechanisms will be looked into by a working party headed by Sir Henry Fisher, former judge and president of Wolfson College, Oxford. Back Page

● JAPAN will send an import promotion mission to the UK in February. It will place orders for British goods. Back Page

● EXTERNAL reserves of Japan rose to $33.02bn in December, a record, against $22.85bn a year previously.

● BANK OF CANADA increased the Federal bank rate from 10.75 per cent to a record 11.25 per cent. Page 4

● MR. ARTHUR SCARGILL, the Yorkshire miners' leader, maed a militant call on members to prepare to fight hard for the union's pending pay claim of up to 40 per cent. Page 7

● GOVERNMENT or trade intervention in pension fund investment would be "a further move along the road tototalitarian socialism," said Mr. Nicholas Goodison, chairman of the Stock Exchange. Page 6

● BUILDING workers will seek compulsory registration of companies and workers in the industry if employers further delay introduction of a voluntary scheme, said UCATT, the building trades union. Page 7

● CPSA, the largest Civil Service union, told the Government that it would be "prevented from governing" if it refused to implement recommendations of an independent unit's report on pay for 600,000 civil servants. Page 7

● PLANS for a nuclear power station at Druridge Bay, near Blyth, Tyne and Wear, are being considered by the Central Electricity Generating Board. Page 5

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 10pc '82	£85¼	+ ¾
BPB	254	+ 8
Bambers Stores	118	+ 6
Bell (A.)	288	+ 4
Bond St. Fabrics	37	+ 3½
Churchbury Ests.	335	+ 10
County and District	134	+ 4
Extel	144	+ 4
Farnell Elect.	408	+ 10
Hambro Life	405	+ 13
Hambros	192	+ 7
Hill (C.)	90	+ 5
Johnson-Rhrds. Tiles	132	+ 6
LCP	110	+ 18
Linfood	139	+ 13
Matthews (B.)	184	+ 6
Mining Supplies	117	+ 6
Mountview	98	+ 7
News Intnl.	288	+ 8
OK Bazaars	370	+ 15
Rank Org.	262	+ 8
Regional Prop.	80	+ 6
Utd. Scientific	268	+ 8
Victor Products	120	+ 7
Wigfall (H.)	260	+ 6
Guthrie	335	+ 10
Harrison Malay Ests.	111	+ 6
Berjuntai	225	+ 5
De Beers Dfd.	412	+ 6
Southern Kinta	175	+ 5

FALLS

ERF	123	− 7
Fodens	49	− 8
Gibbons (S.)	295	− 4
Wilson Walton	30	− 7
BH South	105	− 8
Conzinc Riotinto	290	− 15

Rodgers attacks inflationary deals

Lorry drivers' strike expected to halt more hauliers

BY NICK GARNETT AND ALAN PIKE

Pressure on supplies to and from manufacturing and service industries tightened yesterday as the effects of the lorry drivers' strike deepened and picketing became more widespread.

At the same time, Mr. William Rodgers, Transport Secretary, who is responsible for the haulage industry, last night delivered a strong attack on trades union leaders and employers who supported inflationary wage settlements.

He said people who defended settlements of 15 per cent and more were "either stupid or dishonest."

Shop stewards representing private haulage drivers in London, where the strike by employees of member-companies of the Road Haulage Association has so far been poorly supported, rejected an employers' pay offer of 15 per cent.

As a result, further large haulage firms in the capital are likely to be brought to a halt, and picketing of manufacturing companies in the metropolitan area has already increased.

The strike is still having its most severe effects in the North and Scotland.

In Manchester, employers said private haulage to and from factories had been virtually stopped as a result of the strike, picketing, sympathy action by other drivers and a severe local shortage of fuel.

Tanker drivers at at least four oil companies in the north-west have gone on unofficial strike which has already hit private transport operations and is likely to curtail public transport in Greater Manchester today.

Haulage and dock loading and unloading at Liverpool, Hull, Southampton and parts of Essex were again badly affected and Ulster now faces disruption because of strike action by both lorry and tanker drivers.

The Freight Transport Association, which represents manufacturing companies using road haulage, said that in northern areas heavy industry was being hampered by picketing, although not as severely as food distribution and animal feed manufacture.

Ford's Halewood plant on Merseyside is now facing severe difficulties in its supply of car components, and few components have been leaving BL's big spares plant at Oxford.

The Road Haulage Association said that a limited number of drivers, particularly in the north-east had, however, gone back to work but the strike appeared to be solid in most areas of the North. Large parts of the Midlands and the South are still largely unaffected.

The drivers, who have submitted a claim worth about 25 per cent have been rejecting offers of about 15 per cent made by the association's separate regions.

Mr. William Rodgers said that those who claimed to support the Government's objective of keeping inflation within single figures and then defended settlements of 15 per cent or more for major and well-paid groups without a shred of justification under the pay guidelines were stupid or dishonest.

"They are not offering the kind of industrial leadership that Britain needs in the 1980s. They are not offering leadership at all."

Editorial Comment, Page 14

British Airways flights hit by airport snow

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS may have to cancel up to 70 per cent of its services out of Heathrow Airport, London, today because of compacted snow on the aprons and taxi-ways which it claims makes aircraft handling operations dangerous.

Late last night a major row was in progres between the airline and the British Airports Authority, following British Airways' cancellation during the day of 150 domestic and international flights because of unsafe conditions caused by compacted snow.

The airline claimed that the snow had not been cleared properly by the airports authority, and it had become unsafe for aircraft, vehicles and personnel to move on.

The airports authority argued that 74 out of 75 airlines at the airport were functioning normally and said that British Airways was not obliged to cancel any flights at all but chose to do so.

The airline said that because of delays by the airports authority in bringing in adequate snow-clearing personnel, it had brought over 200 personnel and machines from private organisations outside the airport to clear the compacted snow and ice from aprons and taxi-ways used by its aircraft and dump it on the edge of the airport.

The airports authority also brought in outside contractors. Both teams were working through the night in a bid to get the airport fully operational by today.

At one stage yesterday, the Airline Operators' Committee, representing all the airlines using the airport, had become so concerned about conditions that it wanted the Army brought in to clear the snow, but the airports authority refused.

The authority pointed out that snow clearing had been going on for four days, and that the area to be cleared was equivalent to 240 miles of dual-carriageway road.

While runways and taxi-ways had been brought back into use, snow on the 151 aircraft stands ad been compacted into snow and ice, requiring clearance by manual labour since machines could not clear it.

The authority was hopeful that, as a result of working through the night, the snow clearing gangs would make enough impression on the compacted snow and ice to enable operations to be restored to normal today.

But British Airways was much less optimistic. It said the outlook was gloomy, with "a 70 per cent shortfall on normal operations expected."

W. H. Smith in £12m stores deal

BY JOHN MOORE

NEWSAGENT and bookseller W. H. Smith is making its first entry into the do-it-yourself home improvement market through the £12m purchase of a chain of stores from LCP Holdings, the construction to motor distribution group.

Smith is buying LCP for cash. It operates 18 stores with a total selling area of 440,000 sq ft in the Midlands, the North-West and the South-West. Four of the stores were opened in 1978.

W. H. Smith said yesterday that it had been carrying out research into the d-i-y market for more than three years. The move would offset the effects of the slowdown on growth in the group's traditional activities.

"We have a dominant position in the wholesale supply of newspapers, and on the retail side we are likely to reach maturity in eight to 10 years," the group added.

The net assets of Homecentres on December 31 were estimated at £1.5m, and nine of the properties to be acquired by Smith are valued by LCP directors at £3.5m. The other nine properties are on short leases.

Pre-tax profits for Homecentres for the nine months to December 31 are estimated by LCP to be not less than £600,000 after providing for rentals of £210,000 on nine of the properties.

LCP will gain a surplus of £8m over the book value of the assets being sold, and its shares jumped by 18p to 110p on the Stock Exchange.

In LCP's last financial year, ending March 31, Homecentres showed a trading profit of £472,000 on turnover of £9.79m.

LCP, which was approached by Smith over the latest deal, said yesterday that it had entered the cash and carry retailing business just over three years ago. "It is still very new to us. We have formed a view that it is the big boys that will do well in the future. Success in this business comes from purchase muscle, but we did not wish to commit too much of our resources to any one activity. We have other plans."

W. H. Smith said yesterday that it intended actively to develop and expand the Homecentres operations.

Pressures on food supplies increase

By Chris Parkes, Commodity Staff

THE SPREADING disruption of the lorry drivers' strike has added to the pressures on food supplies which have already pushed fresh fruit and vegetable prices up to two or three times last week's levels. Yesterday, pickets were turning lorries away from the wholesale markets at Leeds and Glasgow and action was threatened elsewhere.

While there is confusion over the precise effects of the combination of freeze and strike on supplies of food, there is evidence that consumers are refusing to pay the prices being asked in greengrocers' shops.

Farmers complained yesterday that, unless strikers let through supplies of feed, intensive pig and poultry producers would be forced to start mass slaughtering early next week.

The Feed Manufacturers' Association, however, said most makers ran their own transport fleets, and there was no apparent reason why supplies should be affected in the short-term.

It said it had assurances from the Transport and General Workers' Union headquarters that unofficial pickets would be "advised" not to hinder lorries owned and operated by feed companies.

The Freight Transport Association, which represents manufacturers using road haulage, claimed there would be severe shortages of fresh foods at wholesale markets from today, particularly in the north-east. Some markets would be virtually empty.

Unilever halted

On Merseyside, supplies of sugar from Tate and Lyle and output from Bibby's edible oils plant and Princess Foods were halted by pickets. Yorkshire Egg Producers was also hit.

Frozen foods and other produce handled by Unilever companies in the north has been halted.

Food retailers have yet to feel the pinch since many supermarket chains carry goods in their own lorry fleets.

Supermarkets throughout the UK reported a sharp rise in the number of shoppers yesterday,

Continued on Back Page

£ in New York

—	Jan. 3	Previous
Spot	$2.0240-0250	$2.0285-0295
1 month	0.27-0.22 dis	0.17-0.12 dis
3 months	0.47-0.42 dis	0.38-0.33 dis
12 months	1.80-1.65 dis	1.70-1.55 dis

Iran hard-line generals resign

BY OUR FOREIGN STAFF

THREE HARDLINE generals opposing concessions to the opposition in Iran have resigned and the chief of staff of the armed forces, Prime Minister until last week, has been replaced for medical reasons.

This major shake-up in the senior ranks of the armed forces should increase the chances of Dr. Shahpour Bakhtiar, the prime minister designate, forming a a government.

Gen. Gholam Reza Azhari, chief of staff of the armed forces, is to be replaced by Gen. Abbas Gharabaghi and of the three resigning, Gen. Gholamli Oveissi, commander of the ground forces and Tehran's chief martial law administrator, is replaced by Gen. Najimi-Naini —considered to be a moderate.

The two other hardline generals who have resigned are Hussein Rabii, air force commander, and Manouchehr Khosrowdad, army air corps commander. Apart from Gen. Azhari the generals are all believed to have been opposed to the formation of a government by Dr. Bakhtiar.

In what can be taken as another move to ensure military support for the new Government Gen. Fereidoun Jam, a former army commander, is believed to have agreed to become War Minister.

He is well respected in the army though his record of fervent personal loyalty to the Shah is not likely to make him popular with the opposition which is denouncing the formation of the new Government.

The resignations should significantly reduce the chances of a military backlash against any concessions made by the Government. There had been suggestions that the alternative to the Bakhtiar Government was even more rigorous military rule.

Simon Henderson adds from Tehran: Agreement to increase oil production in Iran to satisfy domestic demand was reached yesterday by striking oil workers and a delegation from the anti-Shah opposition.

The agreement, yet to be reflected in daily production figures, now around 230,000 barrels, is intended to ease conditions for the population, which is being severely inconvenienced by shortages of petrol, heating oil and kerosine for cooking stoves.

Production will not increase beyond domestic needs—about 700,000 barrels a day during the winter—until the Shah leaves the country, which Dr. Bakhtiar claims he has promised to do.

The oil production agreement was reached after four days of meetings between the oil workers and Dr. Medhi Bazargan, an opposition politician, who was assisted in the latter stages by a religious leader, Ayatullah Hashemi, representing the fiercely anti-Shah Moslem clergy in Iran.

Dr. Bakhtiar, who was approved as Premier by parliament on Wednesday, has still to be approval formally by the Shah. A meeting, due to have taken place yesterday at the palace, is not now expected to occur until Saturday.

UK still providing weapons to Iran, Back Page

Barre presses Germany for farm policy change

BY DAVID WHITE

FRANCE WILL not lift its veto on the European Monetary System until West Germany makes concessions on the EEC farm price regime, M. Raymond Barre, the Prime Minister, reiterated yesterday.

It's first major statement on the recent altercation between Paris and Bonn reinforced the French campaign for a more balanced agricultural policy as an integral part of the zone of monetary stability the EEC partners are trying to creae.

He attacked the "unjustified and inexplicable" advantages available to West German farmers because of the Monetary Compensation Amounts created to offset currency movements. France wanted to make sure that these mechanisms were not permanent and would not be further extended under EMS.

It would not allow the questions of monetary union and the unity of agricultural prices to be treated separately, he said.

French participation in EMS would help to relieve the burden imposed on the Deutsche Mark by uncertain currency markets, claimed M. Barre. "If we take part of the burden in monetary affairs, our partners must take part of

Continued on Back Page

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

Barre stresses need for further wage restraint

BY DAVID WHITE

ANOTHER YEAR of austerity is in store for Frenchmen before M. Raymond Barre, the *Prime* Minister, can consider his cleansing of the economy to have been completed.

M. Barre told a meeting of industry leaders in *Paris* yesterday that wage restraint in the past two years had been insufficient and that pay rises this year had to be kept below 10 per cent. The Government was not threatening an authoritarian pay policy *but France could* not afford to let wages advance faster than prices.

French inflation will probably have been just under 10 per cent for last year, and the official target is 8 per cent this year. M. Barre said pay restraint was the prime condition for cutting inflation and increasing employment. It was "the last essential act" in the process of economic recovery.

If things went well, then Frenchmen could expect an increase in purchasing power to follow, *in a period of low* inflation.

The French Premier has nine months to go before the so-called Barre Plan completes its course. M. Barre asked in September 1976 to be given *three years for the job.* In the meantime, there was no question of changing principles.

The Government would not be lax or generous with credits but would maintain strict controls on lending and on the *growth* of the money supply. It would continue its policy of exposing French industry to competition both at home and abroad.

If France consolidated the improvement seen so far, it could look forward to an annual growth rate of 4 per cent by 1980, compared with about 3 per cent in the past three years. Productive private investment could be expected to get going again after the end of the Barre Plan.

M. Barre gave the meeting, *which* was organised by the business magazine L'Expansion, a set of four priorities for the Government's economic policies this year.

Top place went to defence of the franc and maintenance of the *surplus* France achieved in its payments last year. Without these elements, France would be asphyxiated and unemployment would be even worse.

France had so far obtained satisfactory results as regards the franc and its trade balance.

Next on the list came wage restraint, also essential for job *prospects*, M. Barre said. Thirdly, the Government would aim to put the finances of its social services in order, following the increases it had proposed in social security contributions.

Finally, it would try to set up new activities in regions worst hit by closures: the North, Lorraine and France's shipbuilding towns.

French companies planning for heavier investment this year

BY TERRY DODSWORTH IN PARIS

A HINT that the strong tonic administered to French industry *by the Government's price* liberalisation policies is having the desired effect emerged yesterday in a surprisingly optimistic survey of business opinion.

Prepared by the Paris-based marketing office for Les Echos, the financial daily, the report shows that the majority of French companies *are planning* a substantial increase in investment this year.

Companies also expect that their profits will be better, and 62 per cent are optimistic about their opportunities in 1979 compared with 21 per cent last year. The survey is a strong indication that the liberalisation policies being pursued by M. Rene Monory, the Economics Minister, are meeting widespread approval.

Almost half the respondents would like to see the Government relaxing its grip on industry still further, and 34 per cent said they would welcome *speedier* liberalisation.

The main reservation on Government policy concerns its ability to hold down wage costs. Just over 51 per cent of the 2,000 companies surveyed believe that it will not be possible to moderate rises to the degree demanded by M. Raymond Barre, the Prime Minister.

The expected improvement in profit margins may, however, help with employment. Some 40 per cent of the companies indicated that they would be prepared to take on more workers this year, while 50 per cent of the rest appeared to have no intention of cutting their staff.

Another survey, published yesterday by L'Expansion, the business magazine, is less bullish about investment possibilities (only 22 per cent of respondents see an improvement against 53 per cent in the *Marketing Office report), but* reports that overseas trade will improve and that there will be a growth rate of between 2 and 3 per cent.

Inflation is expected to run at between 8 and 10 per cent, against the Government forecast of 8 per cent.

Spring elections for Austria

BY PAUL LENDVAI IN VIENNA

GENERAL ELECTIONS will be held in Austria in May and not in October when the stautory term of the present Parliament expires. This was confirmed by the Federal Chancellor and Socialist Party leader Dr. Bruno Kreisky in an interview with the Vienna daily "Die Presse." The Chancellor announced that he would formally propose early elections at the forthcoming meeting of the party leadership next week.

Though the Chancellor did not mention any date, it is generally assumed that the elections will take place on May 6. Until recently, Dr. Kreisky was a firm advocate of the first Sunday in October as the statutory election date.

The Opposition claimed that the decision of the Socialists to move the election date five months forward was an admission of their political failure caused by a string of defeats and factional infighting among the likely successors to the 68-year-old Chancellor.

However, Dr. Kreisky also *confirmed* reports, first carried by the news magazine "Profil" that the latest opinion poll pointed to a massive Socialist victory. According to the survey made by the IFES Institute, the Socialist Party would have gained 49 per cent of the popular vote at the end of November and the beginning of December. Faced with the choice between Dr. Kreisky or the populist leader, Dr. Josef Taus, 57 per cent of the Austrians would opt for Dr. Kreisky and only 23 per cent for Dr. Taus. Speaking to the "Presse," the Chancellor expressed the view that he regards an absolute majority as "fairly certain" on the basis of the latest poll.

The Socialist Party, led by Dr. Kreisky, won the three last elections and captured an absolute majority twice, in 1971 and 1975.

As of this week Austrians will have to pay an average of 5 per cent more for dairy products and 3 per cent more for radio and TV licences. Rail tariffs have gone up by 8.3 per cent, and domestic postal rates by 25 to 33 per cent.

Currency holdings drop in Switzerland

By John Wicks in Zurich

A LOSS on foreign currency holdings of Sw Fr 2.59bn (£860m) will figure in the 1978 balance sheet of the Swiss National Bank. This *amount, equal to the net loss* which will be declared on the bank's profit-and-loss account for the year, is to be covered by unpublished reserves on Central Bank gold, valued at an unchanged Sw Fr 11.9bn.

The registration of the loss by the bank, which will reduce neither its dividend nor its payments to cantons, is necessary since depreciation requirements of about Sw Fr 4.4bn exceed existing contingency provisions.

The decision to leave the National Bank's large gold *holdings unrevalued* represent a change of mind by the Swiss authorities over the past few months: partial re*valuation of gold had been* foreseen at a bank Press conference in October. This decision to remain with a Swiss franc parity against gold of Sw Fr 4,595.74 per kilo, valid since May 1971, is seen as a result of the movement of the dollar, which is up by some 10 per cent since mid-October to around Sw Fr 1.65.

At the same time, the National Bank's foreign currency reserves are *shown* in the last weekly report of the year — published on Thursday—as having been written down to the average exchange rates of the month *of December. Although the* monetary authority also took up dollars during the last week of the year due to interventions on the market, total foreign currency reserves fell, as a result, by nearly Sw Fr 2.94bn to Sw Fr 28.98bn during the week. This is still Sw Fr 8.47bn below the level recorded at the end of calendar 1977. During the same period, gold reserves remained unchanged at Sw Fr 11.9bn and bank note circulation expanded by 10.3 per cent to Sw Fr 22.5bn.

In the last week of 1978, the value of foreign treasury bonds *denominated* in Swiss francs fell by a further Sw Fr 47.5m to Sw Fr 2.03bn, due to another partial repayment by the U.S. Treasury.

Ecevit wins vote of confidence

By Metin Munir in Ankara

TURKISH Prime Minister Bulent Ecevit yesterday confirmed that *he has a solid majority in the* ruling National Assembly when an Opposition vote of no confidence was defeated.

With 226 votes against 210, Mr. Ecevit threw out a censure motion filed by Mr. Suleyman Demirel, chairman of the main opposition Justice Party.

The motion said that Mr. Ecevit had not taken proper measures to maintain law and order.

Bonn concerned about steel strike but will not intervene

BY ADRIAN DICKS IN BONN

THE WEST GERMAN Government said it was "concerned" about the impact of a prolonged steel stoppage on jobs in other industries, following the failure early on Thursday of the *latest* round of talks between the steel employers and the steelworkers' union, IG—Metall.

The official spokesman, Dr. Armin Gruenewald, made clear, however, that Bonn has no intention of intervening in the combined strike and lock-out in the steel industry, now in its sixth week. He reminded the two sides that a solution could only be found at the bargaining table, and appealed to them to return to it. *The spokesman* deliberately paid tribute to the efforts of the mediator whom both sides have accepted, Herr Friedhelm Farthmann, the State Labour Minister of North Rhine-Westphalia.

Despite the collapse of negotiations early Thursday morning, a resumption of contacts was not ruled out last night. The IC-Metall bargaining council, although it sought to blame the employers for the breakdown, sent a telex appealing to them to "carry out your duty as negotiators and return to the conference table."

The employers' chief representative, *Herr Franz-Josef* Weisweiler, in turn accused the union side of leaving the talks first. But he undertook that the employers' federation would consider IG-Metall's offer of new talks at a committee meeting today.

The Bonn Government's expression of anxiety, which follows a personal appeal by Chancellor Helmut Schmidt to the two sides in a New Year's Eve broadcast, reflects the concern among *steel-users* about any prolongation of the dispute.

Although IC-Metall's strategy of selective strikes has from the outset been aimed deliberately at plants which supply the motor industry, the most profit*able area of hte steel business,* the effects have not yet been fully felt.

With the holiday shut-down now over, however, the motor manufacturers have warned that they will be able to continue production from stocks for only a few weeks longer.

Volkswagen and Daimler-Benz have both indicated that they will have to curtail car production after the middle of this month, while Opel has said it will be seriously affected by the end of January. None of the motor companies has been willing so far to say whether it has been able to find alternative *suppliers abroad for the many* special steels used by the industry. But sources in the industry doubt whether some special steels alloys, can be obtained anywhere outside West Germany at such short notice.

Should the steel dispute now begin to affect other industries directly, there might well be some moderation of the chorus of support which both the steel employers and IG-Metall have received from outsiders over *the key issue of the* 35-hour working week.

During the round of talks which led up to Thursday's breakdown, the union appeared still to be seeking some form of words which would allow it *to claim* that a "first step" towards this objective had been taken. IG-Metall had presented new demands which went substantially beyond the compromise plan put forward by Herr Farthmann last weekend — which Herr Weisweiler had with some difficulty got most of the steel employers to accept.

Since the dispute was widened by IG-Metall on Wednesday, some 57,000 union members are now on strike in the three bargaining regions of North Rhine — Westphalia, Bremen and Osnabrueck. About 43,000 more people in the industry have either been locked out or laid off.

Yugoslav anti-inflation drive

BY ALEXANDER LEBL IN BELGRADE

IN AN EFFORT to reduce inflation and prevent a deterioration in the trade deficit, Yugoslavia plans to keep the growth in national income to around *6 per cent in 1979.*

This is roughly in line with last year's outcome but the rate of industrial growth is slated to *fall* to 7 per cent from 9 per cent in 1978 through a reduction in investment, particularly on new projects, and a continuation of the monetary controls introduced last July.

The federal budget, which under the highly devolved Yugoslav system is concerned mainly with national defence, foreign affairs and a limited range of federal regulatory services, will in itself be inflationary. Federal spending is due to rise 19 per cent to 99.4bn dinar (£2.6bn) of which 53 per cent is earmarked for defence. This is just over 6 per cent of the national income.

On foreign trade, Yugoslavia plans a 5 per cent rise in the volume of exports and a 2 per cent rise in imports. However *there does not appear to be too* much confidence that this will be achieved as Federal Premier Veselin Djuranovic recently told the Federal Parliament that the trade deficit in 1979 is expected to grow slightly to £2.2bn compared with £2.14bn in 1978. The overall balance of payments deficit is expected to stabilise at around £0.5bn, the same as 1978 and in line with the five-year plan.

One of the weaknesses of the economy over the first three years of the current plan has been the disappointingly low level of productivity increases. The average growth in productivity over this period was 2.2 per cent, 1.7 points lower than the target.

Employment totals have risen and, together with an estimated 30 per cent rise in the domestic money supply over the first 11 months of 1978, have kept domestic demand at a high level.

This has teneded to increase imports inspite of restrictions. Potential exports have been diverted to the home market, where prices rose 16 per cent. The target this year is to keep inflation down to below 12 per cent.

Greek tanker decision delayed

BY ROBERT GRAHAM IN MADRID

A COMBINATION of high seas and Portuguese fears of an oil spillage have further delayed a decision on the fate of the crippled Greek supertanker Andros Patria. The tanker last night was being towed by two Dutch tugs in a south-westerly direction off Oporto to a point *beyond the 200-mile limit of* Portuguese territorial waters somewhere opposite Lisbon.

This followed a decision on Wednesday night by the Portuguese Government to refuse to allow the tanker to stay in its waters until all risk of leaking oil had been eliminated. Earlier the Dutch salvage company, Wijsmuller and the Greek owner, Seas Transportation Corporation, had been hoping to bring the tanker to the Lisnave drydock at Lisbon—or at least to move it into calmer coastal waters to permit offloading of the 160,000-odd tonnes of *Iranian* crude still inside the tanker.

The Andros Patria sustained a 15-metre hole in its hull when *a series of explosions occurred* in the tanker last Sunday. Since then the vessel has moved from the site of the original explosion off Cape Finisterre on the Spanish coast south into Portuguese waters. By towing the vessel out to sea the threat of pollution has been minimised and only some 10,000 tonnes of crude of the original 208,000 tonnes are believed to be causing oil slicks.

Two Dutch salvage assessors were due to board the tanker yesterday but were prevented from doing so by heavy seas and a strong gale. Nothing can be done until these men have assessed the damage and decided whether or not it is safe to bring the tanker into harbour.

W. German jobless total tops 1m

By Adrian Dicks in Bonn

UNEMPLOYMENT in West Germany rose in December to just above 1m once more, but was about 7.7 per cent below the level for December 1977. The Government, as well as the *autonomous* Federal Labour Office, interpreted the figures as evidence of a further cyclical improvement in the labour market, with the absolute rise of 79,678 in the jobless total due *to winter weather.*

The December figures also justified Ministers' confident predictions that the average monthly number of unemployed for 1978 would remain below 1m. This forecast was narrowly fulfilled, by a monthly average of 992,900, to give last year the lowest monthly average since 1974.

The unemployment rate last month was up from 4.1 per cent in November to 4.4 per cent, compared with 4.8 per cent in December 1977. For men, the rate is now only 3.5 per cent, against 5.9 per cent for women.

Broken down into major categories, the December figures showed an increase in unemployed foreign workers, probably due to seasonal influences on the building industry, and a slight rise in the number of young people out of work, though the total was down 14 per cent from December, 1977. There was little change in the figures for older workers or for the severely handicapped.

There was a further rise in the number of vacancies compared with a year ago, as well as a further drop in the total *of people on short-time working*, now 126,650 compared with 131,303 in December 1977.

Cardinal faces contempt charge

By Rupert Cornwell in Rome

AN ITALIAN judge has begun legal proceedings against Giovanni Cardinal Benelli of Florence on the grounds that the latter's violent outburst over Christmas against abortion amounts to contempt of the Italian Parliament.

This latest twist in the row between lay politicians and the Church in which the Pope also is involved over the law legalising abortion in Italy could well reignite a controversy that both sides have been trying to douse.

The step has been taken by the chairman of the local court at the central Italian town of Camerino, Sig. Giovanni Sabalich who has brought the matter to the attention of the Florence Public Prosecutor.

At issue are the remarks of Cardinal Benelli, one of the most powerful Italian churchmen, when from a Florence pulpit he denounced abortion as a "festering sore" that had to be eradicated. In doing so he rekindled an argument always of intense sensitivity in Italy.

ENERGY REVIEW: NORTH SEA OIL

BY KEVIN DONE

Statfjord costs: the time of reckoning

DELEGATES AT a recent oil seminar in Norway could be forgiven for believing that offshore oil developments, particularly on the Norwegian Continental Shelf, are now governed *by two apparently* immutable laws. One: "Regardless of how much has been invested, the amount still to be invested remains constant." Two: "Regardless of how far the project has advanced, completion is still six months ahead."

Such a view disregards of course the real achievements that have already been made with the development of major fields such as Ekofisk and Frigg, but it is prompted by the dramatic problems and uncertainty that surround development of the Anglo-Norwegian Statfjord Field, the largest oil field discovered in the North Sea.

Statfjord appears to have recoverable reserves of oil in the region of 3bn barrels, yet the *development of this massive* reservoir which straddles the median line between the Norwegian and UK sectors of the North Sea is likely to end up with one of the lowest rates of return of any North Sea project.

Estimated costs of the project have risen so quickly in the last 18 months that the whole third phase of the development is now back in the melting pot. In the process it has caused an independent inquiry to be launched by the Norwegian government into rising offshore costs and has soured relations between the UK and Norwegian governments.

The next round of talks between ministers should take place at the beginning of February in Oslo, when both Dr. Dickson Mabon, the UK Minister of State for Energy, and Mr. Bjartmar Gjerde, the Norwegian Oil and Energy Minister, are due to address an offshore oil conference.

The Statfjord project has become a major political issue between the two countries as well as a subject of internal controversy in Norway. Ministers have become involved in the kind of negotiations that in almost every other North Sea development would have been *the sole preserve of the licensee* oil companies. But there is a lot at stake.

The Statfjord project represents orders worth billions of pounds for the hard-pressed offshore supply industries in Norway and, to a lesser extent, in the UK, and it will eventually make a significant contribution to oil production in both countries.

But the UK Government is concerned that the British supply industry has been largely excluded from the valuable contracts awarded so far and the oil companies on the British side of the median line—the British National Oil Corporation, Conoco and Gulf have a little over 11 per cent of the field—are still pushing ahead with feasibility studies for the relocation of the second and third platforms. The UK Government and particularly the British National Oil Corporation are examining the possibility of relocating the B platform, which is already under construction, in the northern sector of the field, so that a third platform could then be placed in the southern part of the field in the UK sector.

The British position was clearly defined in a strongly-worded letter sent by Dr. Mabon late last year to the Norwegian Oil Minister.

Dr. Mabon claimed that there was an urgent need for the two sides to agree on what steps could be taken to ensure that the escalating costs of the B platform could be brought under control. The Stratfjord *Field was unitised in 1976,* when Mobil Exploratory Norway was appointed as operator.

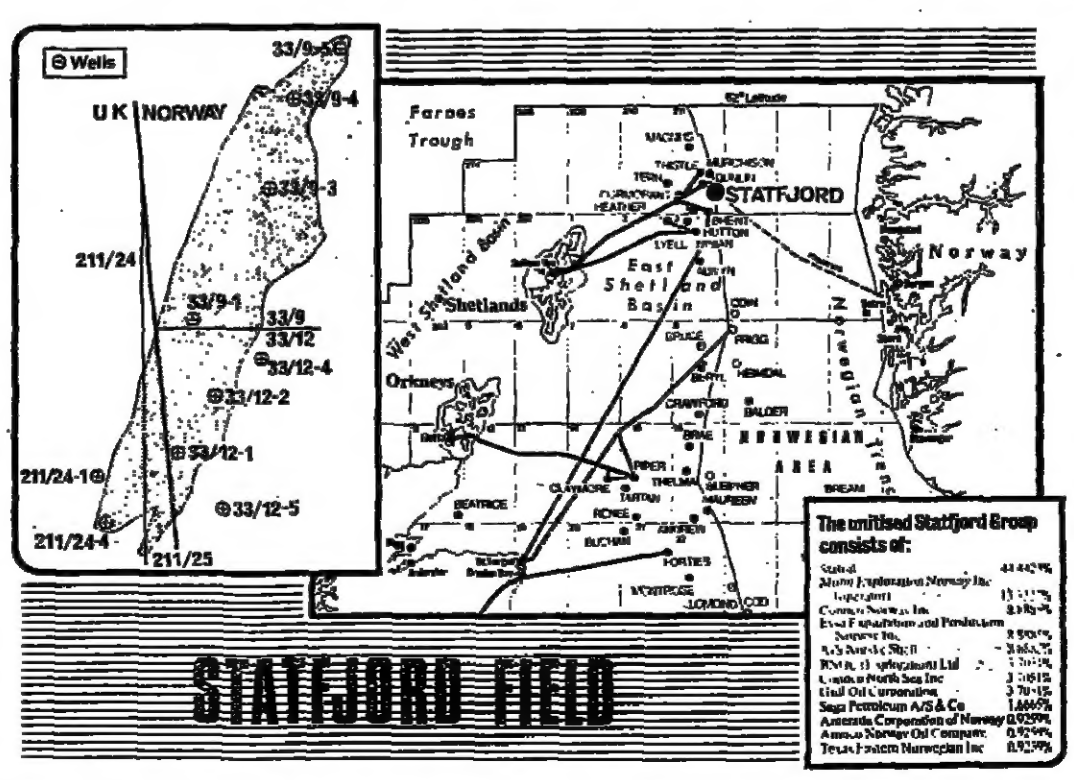
About 88 per cent of the field is in Norwegian waters with Statoil, the Norwegian state oil shareholder with 44 per cent. The British Government has made no moves to undermine the unitisation agreement, but it is pressing for a more economical development plan and a greater share of orders for UK suppliers.

The UK considers that the post-tax rate of return for the full three-platform development *of Stratfjord has now fallen* dramatically to 14 to 17 per cent, and it is felt that even this assessment could prove to *be over-optimistic. The cost* increases over the last year for the B platform alone—Mobil estimates that it could cost \$1.7bn to \$1.9bn compared with an estimate of \$1.28bn at the end of 1977—have reduced the return on this part of the project to 9 to 12 per cent according to Dr. Mabon.

These are figures which the Norwegians hardly disagree with. A White Paper persented to the Norwegian Parliament at the end of October suggested that the rate of return for the A and B platforms after fees and taxes would be only 14 per cent. The A platform, which will be capable of producing up to 300,000 barrels a day, is now expected to yield a return of about 17 per cent and the B *platform no more than* 12 per cent.

The total cost of the development could be more than NKr 32bn (£3.2bn), an increase of NKr 3.1bn on the last estimate.

It is not so much the figures that are in dispute but rather the way in which any further increase can be avoided. Dr. Mabon, advised closely by the British National Oil Corporation, is pressing hard for the whole issue of the siting of the B platform to be reopened, so that an eventual third platform could be placed in the UK part *of the field. Originally the third* platform was to be a repeat of the concrete Condeep design chosen for the A and B platforms, but the UK is anxious to avoid a repetition of the escalating costs now associated with building concrete platforms in Norway.



The Norwegians are deeply sceptical about any suggestion of re-siting the platform, however. It is already under construction they argue—the contract was awarded to Norwegian Contractors nearly a year ago—and was designed specifically for the seabed conditions of the southern location. Design changes would only add further to the costs they maintain.

But according to Dr. Mabon, a roughly comparable production system on the UK side of the median line, with a steel platform pipeline connections and drilled ready for production would cost about \$1bn. This would ultimately save the Statfjord group as much as \$1bn on final development costs.

The UK portion of the Statfjord Field *could have been* a viable development in its own right with recoverable reserves of about 400m barrels *of oil.* But it has perhaps dawned upon the UK companies and the British Government too late that they have given away significant industrial opportunities by opting for a unitised development. Privately they harbour real doubts about the chances of success for their rearguard action.

But Dr. Mabon has spelled out to the Norwegian government that none of the parties in the deal *can ignore* potential savings of the scale of \$1bn. In little over three years the estimated capital costs for the whole development have risen from \$2.9bn to over \$7bn.

According to the UK Oil Minister, with the project still at a relatively early stage and the C platform not yet on the drawing board, "there can be no certainty that without drastic counter-measures costs will not escalate still further."

The UK Government is deeply sceptical of the latest estimates put forward by Mobil for the rest of the development of the field, which Dr. Mabon considers to be "highly optimistic and unlikely to be borne out in reality."

The UK has told the Norwegian government that it wants a feasibility study to be set up as soon as possible to look at the relocation of the B platform, which it considers has not yet reached a critical stage of construction. But it is equally concerned at what *Dr. Mabon* considers to be "the almost total lack of industrial benefits" that have so far accrued to British industry.

Access to each other's offshore supply markets has been a bone of contention between Norway and the UK for several years. Co-operation agreements between the two sides and Ministerial meetings every six months have done little to alleviate the problems, especially when both governments are striving to keep empty construction yards in business.

But the UK believes that the Norwegians have failed to operate competitive bidding in the Statfjord project. It is felt that at Statoil's insistence, the bidding procedures adopted by Mobil have precluded UK industry from bidding for nearly all of the expenditure committed on the B platform to date. British suppliers can now expect to get access to the bidding for only the equipment units (modules) and other smaller units, although this work will still amount to several hundred million pounds.

The Norwegian Government replied last week to Dr. Mabon's latest letter, but it has avoided answering points of detail. Instead Mr. Gjerde points out that he has commissioned an independent analysis of the increasing costs of developing oil fields on the Norwegian Continental Shelf and he has also requested Mobil to prepare a *report on* its own experiences in the North Sea, along with suggestions for securing the most economical development of the rest of the Statfjord Field.

Mobil, Statoil and the Norwegian Petroleum Directorate have all indicated that no benefit would be gained from resiting the B platform. But Mr. Gjerde has at least agreed to *ask Mobil to study the* idea. Meanwhile BNOC is conducting its own feasibility studies and the results so far appear encouraging.

The British Government believes that control of expenditure on the project has been lost because of the high cost of Norwegian goods *and services* combined with unnecessarily stringent regulations on platform construction standards.

The major cost problems began to hit the B platform after the Norwegian Petroleum Directorate insisted on major design changes at the end of 1976. The result, as Mr. Olav Christiansen, the Statoil manager for the project, admits, *is that the B* platform will be the "most beautiful platform ever designed, the prettiest and the *safest ever built." In the process* its production capacity has been virtually halved to about 180,000 barrels a day.

But he maintains that the Norwegians have had a "wakening up over the B platform. From now on we are going to have much closer co-operation with the authorities during evaluation and pre-engineering. As a result we will find that for the C platform some of the things required in the past by the authorities are perhaps not necessary."

Statoil still has a completely open mind over the third phase of the project, says Mr. Christiansen. But a move will have to be made this year and decisions must be taken on how the *oil should be* transported ashore—for the present it looks like offshore loading into tankers—and on the best way of handling the considerable reserves of gas in the field.

The first production wells are *now being drilled from the A* platform and oil should start flowing from the field before the end of the year. Present plans call for the B platform to be towed out to the southern part of the field in 1981, but the ministers' meeting next month could just change all that.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription \$200.00 (air freight) \$365.00 (air mail), per annum. Second class postage paid at New York, N.Y.

Italy strike threat over delays in reorganising chemical industry

BY PAUL BETTS IN ROME

ITALIAN trade unions have threatened to call a general strike later this month if there are further delays in the implementation of the long-awaited recovery programme for the country's ailing chemical industry.

The hardening of the unions towards the minority Christian Democrat Government comes in the face of the growing difficulties of several major chemical groups and the danger of widespread redundancies, particularly in the depressed south of the country.

The two chemical groups, now on the verge of financial collapse, are Societa Italiana Resine (SIR) and Liquichimica, with major investments in Calabria, Sicily and Sardinia. But the other two Italian chemical giants, the Milan-based Montedison conglomerate and the State-controlled Anic group, crippled by mounting losses and debts, also are struggling to put together financial and structural recovery programmes.

In the case of both Liquichimica and SIR, repeated attempts to form consortiums of banks heavily exposed in the two companies in order to salvage the troubled groups have so far failed. This largely reflects unwillingness on the part of the banking system to be further involved in the salvage operations.

The unions are pressing for the coerced liquidation of the two chemical companies and their subsequent reconstruction through the intervention of the banks and the appointment of new managements.

Although Sig. Romano Prodi, the new Industry Minister, who was continuing consultations with the trade unions yesterday over the chemical crisis, has assured labour leaders that the proposed recovery of the chemical sector would involve no redundancies, the unions fear that jobs effectively will be lost in the south. The chemical industry in the south employs directly or indirectly an estimated 40,000.

The chemical crisis has bitten hardest in the Mezzogiorno, where a number of capital intensive plants were set up as a major part of the disastrous policy of the late 1960s and early 1970s for the industrial recovery of the south.

Production at four of Liquichimicas six plants in the south has been virtually at a standstill for the past 13 months accumulating in that period reported losses totalling some L100bn (£59.2m) and debts of about L1,000bn.

For its part, SIR, whose chemical plant at Porto Torres in Sardinia apparently has run out of raw materials, is reported to have lost some L480bn last year, while Anic is expected to lose nearly L200bn. The operational losses of Montefibre, the synthetic fibres and textiles subsidiary of Montedison, are currently estimated to be in excess of L250bn last year.

The unions have also warned the Government, which is attempting to introduce an incomes policy, that they would reject the Andreotti Administration's three-year (1979-81) economic recovery programme unless they were given firm commitments and specific details of a whole series of new job-creating investments, particularly for the south.

Dutch barge strikers claim support of more than half private owners

BY CHARLES BATCHELOR IN AMSTERDAM

STRIKING DUTCH bargemen yesterday claimed that their three-day-old strike aimed at forcing Government intervention in the barge freight market had been joined by more than half of Holland's 5,000 or so private barge-owners. More than 3,000 are refusing cargoes while several hundred vessels which have already been loaded are refusing to travel any further, Mr. Jan de Vries, spokesman for the Independent Boatmen's Union (ONS) claimed.

The Transport Ministry said, however, that with many of Holland's waterways frozen over and impassable no clear estimate of support for the strike could be made.

The Dutch bargemen want the Ministry of Transport to force companies making shipments to Belgium and France to offer their cargoes through shipping exchanges. Cargoes for destinations in Holland are already covered by legislation requiring shippers to work through one of the 15 exchanges.

A bargeman reports to his nearest exchange when his vessel is empty and he is placed on a list. The bargeman at the top of the list is given first choice of the available cargoes. This system was introduced to prevent shippers forcing prices down by playing one bargeman off against the other.

Bargemen operating on routes to Belgium and France set up their own voluntary exchange three years ago but this is being increasingly ignored by shippers, forcing tariffs down, Mr. de Vries said.

The State Secretary at the Ministry of Transport, Mrs. Neelie Smit-Kroes, has refused to extend controls to foreign barge trade for fear of provoking reprisals from other countries. Free barge traffic on the Rhine and related waterways is guaranteed under the Act of Mannheim. Any Government-imposed rules would contravene this act, she said.

Barges account for 15-20 per cent of domestic goods traffic in Holland and for more than 60 per cent of cross-border traffic.

Power cuts freeze E. Europe

BY LESLIE COLITT IN BERLIN

THE CONTINUING extreme winter in Eastern Europe is wreaking havoc with electricity and gas supplies and causing a further decline in industrial production. Pledges are being obtained from factories by the Communist Governments that production targets for this year will, nonetheless, be met.

In Poland, snowfalls and temperatures of −30C have had serious economic repercussions. In the port of Gdynia 350,000 tons of cargo awaiting export has piled up as shiploading has virtually ceased.

In Czechoslovakia, thick layers of ice are covering the giant bucket wheel excavators that strip mine lignite for power stations and gas production. Electricity supplies are extremely tight, and priority is being given to preventing further "brown outs" and to keep furnaces from cooling in heavy industry. A 300-metre tall TV tower near Plzen has snapped in high winds.

Hungary's most important industry, aluminium production, has been severely hit as bauxite is freezing solid in railway cars along with coal supplies. Transportation is hopelessly snarled after ten hours of continuous fresh snow.

Production is down sharply in East Germany because of insufficient power. At the special steel plant in Freital, workers are repairing blast furnaces to be ready for resumed production when energy has been restored.

The East German News Agency says that border troops are doing "exemplary and reliable service at the state border under the present very complicated conditions." Although electric voltage has been reduced throughout East Germany, leaving street lamps flickering, the lights are on full strength along the borders.

THE GUADELOUPE SUMMIT

U.S. SALT talks worry European allies

BY ROGER BOYES

PRESIDENT CARTER and the leaders of Britain, France and West Germany open discussions in Guadeloupe today hoping to smooth over some of the differences dividing Washington from the rest of the Western Alliance. "Papering over the cracks in NATO" is how one Soviet commentator has described the purpose of the summit; British officials, by contrast, view it as an attempt to "improve the communication flow" between Washington and Western Europe.

The two views are not necessarily irreconcilable. The main issue at the talks will be the SALT negotiations — negotiations which have highlighted both the divergent interests of the U.S. and Europe and the need for more consultation between the allies.

The U.S. and the Soviet Union are by all accounts extremely close to finalising a SALT 2 pact but the European Western allies—especially Bonn—fear that agreement will have been reached at the expense of European security. The planned treaty places limits on long-range strategic weapons but does not refer to the medium-range Soviet weapons (like the mobile SS-20) which threaten Europe. It now looks, too, as if the disputed Soviet "Backfire" bomber will remain outside the scope of the treaty and be dealt with in a separate agreement.

Another source of concern is that Cruise missile technology may be denied to the European allies under a clause in the proposed SALT pact. A "non-circumvention" clause could, defence commentators maintain, make it difficult for Washington to supply even Cruise know-how to the Europeans.

All this adds up to considerable uncertainty in Europe about U.S. security intentions but the allies have remarkably little influence on the final shape of the SALT 2 agreement. What the Europeans can do however is to ensure that SALT 3—which will affect European security even more directly than the current agreement—contains a strong element of consultation between Washington and Europe.

The U.S. has promised that provision for this will be made in a protocol to the new SALT 2 accord. The former U.S. SALT negotiator, Mr. Paul Warnke, for instance, recently stressed that SALT "could no longer be a bilateral negotiation exclusively—we would have to get consensus within the NATO alliance." President Carter is expected to repeat this assurance and to brief Chancellor Helmut Schmidt, President Valery Giscard d'Estaing and Mr. Callaghan on the form of the proposed protocol.

Besides SALT, the leaders are expected to discuss a wide range of international issues including the establishment of U.S. links with China, the Iranian crisis and Rhodesia. French and British officials stress that there will be no fixed agenda, no formal decisions and no joint communique. The format has been left deliberately loose so that European uncertainties about U.S. policies can be aired without inhibition—an approach which will clearly please President Giscard who prefers to do his negotiating at summit level.

Two other issues underline the European wish for increased consultation. West German news reports claim that Chancellor Schmidt—unlike the Soviet leadership—was not officially informed about the U.S. decision to establish diplomatic links with China, a move which clearly affected NATO policy. The U.S. has not denied the reports and has emphasised that secrecy was vital to the whole initiative.

Second, the Europeans would like to be more closely informed about future U.S. moves to cut the American defence budget. These could, the Europeans fear, have a serious effect on the component of the U.S. budget devoted to NATO. President Carter has now pledged to increase U.S. allocations to NATO by 3 per cent—as previously agreed at the London summit—but there is still considerable uncertainty in Europe. European experts believe that a sustained economic crisis in the U.S. could put substantial pressure on its defence spending and, even if it only affects the non-NATO components of the budget there will be serious repercussions for Europe. The Allies have made clear that they would welcome some kind of prior discussion before such measures are taken.

British officials have suggested that Mr. Callaghan and Mr. Carter may also meet privately to discuss the Rhodesian situation. The Anglo-American plan will be re-examined in the light of Mr. Cledwyn Hughes' recent visit to southern Africa.

It is understood that the idea for an informal conference of the four leaders, unencumbered by the need to follow an agenda or produce an agreement, emerged at the seven-nation economic summit in Bonn last July. But President Giscard is the formal host at the current meeting—the precedent being his successful talks in 1974 with President Gerald Ford on the neighbouring French island of Martinique. Those talks helped to ease the strain that the oil crisis had imposed specifically on U.S.-French relations and on U.S.-European relations generally. The three European leaders are hoping for a similar boost for their troubled relationship with Washington.

DR. SHAHPOUR BAKHTIAR

Will his best be good enough?

By Simon Henderson in Tehran

WITHIN A few days it should be clear whether Dr. Shahpour Bakhtiar is to be Iran's new leader or simply another of the casualties of the turmoil which has beset this huge and complex country.

On Wednesday Dr. Bakhtiar said that he had his cabinet of new faces ready but for the moment it was top secret, an answer interpreted by some as meaning in fact he did not have his cabinet fully together yet.

And, of course, the vital precondition of his success—that the Shah should leave, even if supposedly only for a holiday, has also still to be satisfied.

For the moment Dr. Bakhtiar stands alone. Rejected by his former colleagues in the main opposition, the National Front, he seems to stake everything on the gamble that Iran's internal struggle against the repression and corruption of the Pahlavi dynasty can be overcome in a superficially constitutional way.

It was no surprise to many observers in Tehran that as the country slipped further into chaos last week the Shah turned to Dr. Bakhtiar, and Dr. Bakhtiar said he would try.

Despite his 25 years of membership of the National Front and his several periods of imprisonment under the Shah, Dr. Bakhtiar and the rest of the extensive Bakhtiar family, have been very much involved with Iran's establishment circles of the present and the recent past.

There are Bakhtiars to be found everywhere, in the bureacracy, business and the banks. In fact, it was a Bakhtiar who was the first head of Savak. Dr. Bakhtiar himself was a minister under Dr. Mossadegh, the Nationalist premier of the 1950s who also forced the Shah's departure until the Central Intelligence Agency organised a coup against the regime.

Members of Iran's dreaded secret police, Savak, broke Dr. Bakhtiar's arm when disrupting a meeting in a private house of the National Front in a town near Tehran last year. Nevertheless, Dr. Bakhtiar has still been prepared to run the risk of being another of the Shah's dispensible Prime Ministers, and try to form a viable administration while parts of the poltical establishment, the army generals, the Shiite moslem clergy and the mob look on in disbelief. The best which Dr. Bakhtiar says is that in power he will gradually gain support.

A lawyer by profession Dr. Bakhtiar was educated in Paris and Beirut. When he returned to Iran it was said he could not even speak Farsi. A healthy looking 63—a comparatively young age for Iranian politicians—he dresses neatly in trim suits and sports a dapper moustache.

The French background comes through clearly in Dr. Bakhtiar's political thinking. At the Wednesday news conference he referred to "Les grandes lignes de la politique."

He is said to believe in the separation of church and state, which is difficult in Iran because Islam is a secular religion and, of course, a major political force. Dr. Bakhtiar's associates say that he thinks the Ayatollah Khomeini and the other clergy do not have the intellectual ability to run a government and should stick to religion.

By his talk of a regency council—"if the Shah goes"—and the gradual lifting of martial law, Dr. Bakhtiar seems to believe in a step by step return to stability. He has yet to talk of elections. He also appears to be the only opposition politician who thinks that the Shah can be trusted. Regarded by former colleagues as being honest but impulsive, Dr. Bakhtiar says he will do his best. The question is: will that be good enough?

Rebel forces near Phnom Penh

BANGKOK — Cambodia claimed yesterday to have slowed a major Vietnamese offensive, but analysts here said there are growing indications that Cambodian defences were withering under methodical Vietnamese ground attacks and widespread air strikes.

Several Western and Asian analysts, noting the difficulty of predictions about the escalating conflict without first-hand information, said it appeared the Vietnamese and their pro-Hanoi Cambodian rebel allies have decided to take Phnom Penh militarily.

But there is still speculation that the invading forces will simply carve off a portion of the country, declare a rival government and try to uost the radical regime of Premier Pol Pot through less direct means.

Rebel forces yesterday claimed fresh military successes in a war that the Government in Phnom Penh admitted was drawing ever closer to the capital.

A Radio Phnom Penh broadcast accused Vietnam of launching air raids on several towns, including Neak Luong, only 50 kilometres southeast of Phnom Penh. The radio said Vietnam had stepped up its aerial bombing because of great losses suffered on the ground, by rebel troops it supported.

But the rebels said in a radio broadcast that they had taken the northeastern provincial capitals of Stung Treng and Lomphat, both some 200 kilometres from Phnom Penh.

Western diplomatic and Thai military intelligence sources in Bangkok confirmed an earlier claim by the rebels of the Kampuchean National United Front for National Salvation (KNUFNS) that their forces had taken Kratie, a vital Mekong river port 160 kilometres north-east of the capital.

But they doubted that the military successes were wholly the work of the Front's forces, saying they believed the bulk of the fighting had been done by Vietnamese.

Radio Phnom Penh indicated that the heaviest fighting was south of the capital in the provinces of Takeo and Kampot.

The Bangkok sources said the likely target of the current offensive was Highway Three connecting Phnom Penh with the southern port of Kampot.

Radio Phnom Penh said government forces inflicted heavy casualties on Vietnamese troops on eight fronts along the whol of the common border wit Vietnam, from Ratanakiri in th north-east to Kampot.

The Kampuchean Radio sai Vietnamese planes had als attacked Tonlebet on the ea bank of the Mekong opposit the provincial capital of Kan pong Cham, 70 kilometers nort east of the capital.

Meanwhile China accuse Vietnam of having unleashed full-scale war to conque Cambodia.

A commentary in the People Daily said the Cambodians we resolved "to wage a protracte war of resistance." But it gav no indication of what move were contemplated by th Chinese Government.

Agencies

Begin pledge on new settlements

BY DAVID LENNON IN TEL AVIV

ISRAEL will continue with its policy of building Jewish settlements on the occupied West Bank Mr. Menahem Begin, the Prime Minister, said yesterday.

He told members of his Likud Party, that the Government would continue to fulfil its election promises to settle the West Bank. He added that he had told President Carter that Israeli settlements in occupied territory were legal.

Mr. Begin was speaking at a stormy four-hour meeting of his party's parliamentary group. Many of those taking part were angry over the Government's refusal to let the ultra-nationalist Gush Emunim movement to establish new settlements this week.

The army has blocked five attempts by Gush Emunim to create new settlements on the West Bank in the past week. One group was camped for the fifth day yesterday beside an army road block which was stopping them occupying a mountain top near Nablus.

The Prime Minister said that the Gush demonstrations were unnecessary. There would be new settlements, he said, but when the Government considered them suitable and not as dictated by pressure groups.

Mr. Ezer Weizman, Defence Minister, said that he was not sure that the settlements aided Israeli security, as claimed by many. The Minister said he preferred enlarging existing settlements, rather than scattering new ones over the West Bank.

There were fierce exchanges between Likud members during the debate. Some were full of praise for the actions of Gush Emunim while others attacked them bitterly. Professor Moshe Arens, chairman of the Knesset Foreign Affairs and Defence Committee, said Israel should increase settlement on the West Bank without delay and must expropriate the necessary land to do so.

Mr. Moshe Nissim, Minister without Portfolio, described some Gush Emunim members as "scoundrels and frauds." Mr. Haim Corfu, an MP, said the Gush movement was an inflated balloon.

Meanwhile, there have been no indications in Jerusalem as to when negotiations with Egypt might be resumed. Officials continued to deny that a senior Israeli diplomat in Washington had said the talks would be resumed by the middle of the month.

Israel is willing to resume the talks, officials said, and is now awaiting U.S. suggestions for the timing, location and levels of the discussions.

Tension rises in South Lebanon

BY IHSAN HIJAZI IN BEIRUT

TENSION IS rising sharply and quickly again in Southern Lebanon as the forces at play are scurrying to fill a power vacuum emerging as a result of France's decision to withdraw its operational troops from Unifil, the United Nations force which has been maintaining law and order there since the Israeli invasion nine months ago.

Israeli gunboats have been patrolling Lebanese territorial waters off the port city of Tyre which is under control of Palestinian guerrillas and their Lebanese Moslem and Leftist allies. Israeli jet fighters fly over the area every day and, in a show of force, often break the sound barrier and cause sonic booms.

The Israelis have now admitted that their gunboats torpedoed on Sunday what were described as suspected guerrilla bases outside Tyre. The Israelis have been saying also that according to their reconnaissance, a large number of guerrillas have infiltrated into the zone under Unifil's control. They are also worried that the main group, El-Fatah, may mark its 14th anniversary this week by mounting cross-border military operations against Israeli towns and villages.

According to independent accounts, the number of guerrillas in the United Nations zone has risen from 300 to 600.

The 800 strong French battalion has been the main striking force in Unifil. Without it, the UN troops will lose their bite. The battalion will be out of Lebanon by January 19, when Unifil's mandate is due to expire. A French logistics unit of about 500 men will stay on. The total strength of Unifil at present is about 6,000 soldiers.

The "National Movement," comprising the Moslem and leftish militias, has charged in a statement that the French were turning their positions over to the Christian militias. The Israeli-equipped militias are under the command of an army officer, Major Saad Haddad, who recently ignored an order from the army command referring him to a court martial for collaborating with the Israelis.

The Lebanese Government has been active diplomatically and militarily so the vacuum may be filled by legitimate forces. Ambassadors of the permanent members of the Security Council have been asked to urge their governments to agree to an extension of Unifil's mandate later this month.

The Ministry of Defence has offered to second Lebanese army units to Unifil, but was reportedly told Israel's approval is required. Major General Emmanuel Erskine, the Ghanaian commander of Unifil, held talks here this week with Major General Victor Khoury, the Defence Minister and army commander.

China encourages free speech

BY JOHN HOFFMANN IN PEKING

DESPITE a notable cooling last month of the Chinese leadership's attitude to free-speech poster campaigns throughout the major cities, official propaganda continues to urge the masses towards "democracy."

In the strongest statement yet of the Government's line, the People's Daily newspaper has published an editorial which at first reading seems to be a strident call for unfettered freedom of expression and decision-making.

Its final paragraph trumpets: "There shall be an atmosphere in which the people dare to speak, to criticise and to debate. The revolutionary enthusiasm of the masses will be given full play in socialist modernisation."

In an undeclared reminder that the Government now wished China's energies to be directed entirely towards speeding development, the editorial said: "China's four modernisations must be accomplished by political democratisation. 'Commandism' and acting on the will of those higher up impedes modernisation.

"Let people say what they wish—the heavens will not fall. If we do not allow people to say things that are incorrect, that is just the same as keeping everybody's mouth shut."

China depends on the talent, initiative and enthusiasm of her entire population, the editorial said, urging the development of a democratic spirit throughout the Communist Party, the army and the masses.

However, it added a careful rider clarifying that the leadership has a particular kind of democracy in mind: a mixture of licence and constraint called "democratic centralism." roughly defined, it means that people may say what they wish, so long as they do as they are told.

Given the strength of the present leadership and the stability and unity which it publicly claims, that may indeed be the most workable system in a nation of 1,000m people bent on reaching the 21st century at the same time as the rest of the world.

China's two-man steering committee—Party Chairman Hua Guofeng (Hua Kuo-feng) and Vice-Premier Deng Xiaoping (Teng Hsiao-ping)—appears to have acknowledged that a happier workforce will produce more and modernise faster. Hence the unprecedented rein given to common people in China who have used the free press—wallposters at busy city corners—to air grudges, complaints and demand new rights.

Demands of any sort are anathema to a totalitarian regime, as China's undoubtedly remains, and so far nobody has done much to satisfy the group of 28 young Yunnan people who came to Peking to demand the return of tens of thousands of "ruralised educated youths" to their hometowns.

Reuter adds: Veteran Chinese communist Hu Yaobang (Hu Yao-pang), a victim of the cultural revolution and regarded by diplomats as being close to senior vice-premier Deng Xiaoping (Teng Hsiao-ping), has been given two powerful communist party posts. The People's Daily described Mr. Hu in an article on a new year gathering of writers and artists, as holding the new post of secretary-general of the party central committee and as head of its propaganda department.

Japanese reserves rise

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S FOREIGN exchange reserves rose by $10.17bn during 1978 to reach a record level of $33.02bn at the end of December, the Finance Ministry announced yesterday. The rise reflects heavy intervention by the Bank of Japan in the Tokyo foreign exchange market.

The 1978 growth in reserves was the second largest in Japan's history. They rose by $10.84bn in 1971, the year when Japan fought—and lost—its first big battle to avoid yen revaluation. The absolute level of the reserves at the end of last month, however, was far higher than at the end of any previous year.

The reserves increased by $753m in December alone, much less than the rise in November when the Central Bank was more active in support of the dollar. The practice of depositing a portion of the reserves with foreign exchange banks and with the Export-Import bank means, however, that the "real" increase in reserves may have been more than the published [illegible]

S. Africa steps up oil search

By Quentin Peel in Johannesburg

SOUTH AFRICA'S search fo indigenous sources of oil, whic has so far failed to produce an significant finds, is to be steppe up from the end of the mont with the arrival of a new of shore drilling rig.

This was announced yesterda by the Government-owne Southern Oil Exploration Co poration (SOEKOR) as plan were being drawn up b government advisers for th possible introduction of petr rationing in South Africa in th event of a complete stoppage o oil supplies from Iran.

Although government official have been at pains to stress th no immediate panic measure are necessary to conserve fuel o find alternative sources o supply to Iran, which has pro vided more than 90 per cent o all oil imports in the past, ther is clearly grave concern ove the consequences if Iran join the existing Arab oil embarg on South Africa.

A Blueprint for rationing fue supplies has already been draw up by the Department of Com merce, but a high-powere working party is currently co sidering all the options for fue conservation before producin its recommendations on Januar 15.

Mr. Tjaart van der Walt, th Secretary for Commerce, said i an interview with the Johanne burg Financial Mail yesterda that the oil companies and th state-owned Sasol Corporatio had already started buying sup plies on the international spo markets.

Commerce Department off cials say they would need a least three months to introduc a formal rationing syste although an extension of th existing restrictions on petr sales hours could obviously b implemented more quickly However, commercial stocks o oil are estimated at between and 6 months' supply, apar from South Africa's strategi stockpile of oil, estimated at be tween 18 months' and thre years' worth, depending on th rate of consumption.

The long-term oil search b SOEKOR, which has cost almos R120m ($138m) to date, has ye to produce any viable deposits although the present offshor rig, Sedco K, did find an "en couraging" oil show on th Agulhas Bank, off the Souther Cape coast, in November according to a spokesman, whil that rig is still drilling on th Agulhas Bank, the scene of 2 out of 31 exploration wells sun so far, the new rig, Sedco 708 is to start drilling 210 mile north-west of Saldanha Bay, o the west coast.

The new rig is capable working in depths up to 1,60 feet, compared with only 80 feet for Sedco K, according t SOEKOR.

AMERICAN NEWS

Canada raises bank rate to record level at 11.25%

BY VICTOR MACKIE IN OTTAWA

THE BANK OF CANADA yesterday announced an increase in the federal bank rate from *10.75 per cent to a record* 11.25 per cent.

Mortgage rates and the cost of car loans and other consumer borrowing are expected to be increased soon. The move is also expected to mean fewer Canadian jobs in heavy construction and related industries because high interest rates discourage investment in these sectors.

The Bank of Canada's rate is the interest charged by the central bank on its infrequent loans to the chartered banks. It signals to the commercial banker the direction in which Government money managers want interest rates to go.

Canadian chartered banks are expected to respond quickly to the central bank action by raising their prime rates to 12 per cent from the current 11.5 per cent.

This rate—the interest charged to the bank's most credit-worthy borrowers, which are generaly the larger corporations—tends to be the floor level from which other rates are reckoned.

Questioned as to whether the *chartered banks might not follow* the central bank's lead by raising their prime rates immediately to 12 per cent, Mr. Fred McNel, chairman of the Bank of Montreal said "No, for all sorts of technical reasons the chartered banks have to go along.

"The banking community is not exactly surprised. We didn't know when the rate would be increased but we were discussing the possibility."

Canadian interest rates have been soaring for more than a year and the principal for each rise has been defence of the Canadian dollar to prevent it slipping lower against the U.S. dollar. *The present rate is* 84.13 U.S. cents to C$1.

The Central Bank rate began 1978 at 7.5 per cent. It was raised six times during the year, most recently on November 6. High Canadian interest rates tend to make investment flow into Canada, thereby creating a demand for Canadian dollars.

The Government disclosed on Wednesday that it had borrowed C$300m and had used another C$259.5m to defend the Canadian dollar by bidding for it in foreign exchange markets during December alone. In total, during 1978 the Government spent about C$5bn to buy its own currency.

Reagan to run for Presidency

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. RONALD REAGAN, the former film actor and Governor of California, is on the verge *of declaring his candidacy* once *again for the Republican Party's* presidential nomination.

His strategy is clearly designed to pre-empt *the possible candidacy of any number of* other Republicans known to be interested in the 1980 presidential race. This potential list was enlarged on Wednesday, *when Gen. Alexander Haig* announced he would be resigning as Supreme Allied Com*mander in NATO this summer,* and pointedly did not rule out entering politics.

Although Mr. Reagan will be 69 next year, doubts about his intentions to run have been dwindling in recent months. He came extremely close to beating President Ford for the 1976 nomination, and is now taking several steps to establish himself as the clear front runner, now that Mr. Ford has ruled *himself* out of the early primaries next year.

These steps include the mass mailing of a fund-raising letter, in which Mr. Reagan more or less states that he will be a candidate, the creation, probably late next month, of a formal campaign committee registered with the Federal Election Commission, and a series of appearances by Mr. Reagan and his principal advisers which are designed to convince moderate Republicans that the Californian is not too conservative to be elected.

The only declared candidate to date, Congressman Philip Crane, from Illinois has had some success in garnering conservative backing, but it is widely assumed that he would eventually be swamped by a Reagan bid. Mr. Reagan's aides have been taking no chances, however, and have been working to dissuade other prominent Republican right-wingers from prematurely endorsing Mr. Crane.

Mr. Reagan has kept himself busy, since 1976, with radio broadcasts and newspaper articles, and by heading a political pressure group called Citizens for the Republic, which contributed well over $600,000 to Republican candidates of varying political persuasions in November's mid-term elections.

NYC loses 'Felix the fixer'

BY JOHN WYLES IN NEW YORK

A CRUCIAL chapter in New York City's *four-year battle to* stave off bankruptcy closes tomorrow with the resignation of Mr. Felix Rohatyn as chairman of the Municipal Assistance Corporation.

Working out of a modest office in the Rockefeller Centre headquarters of Lazard Freres and Co., *where he is a general* partner, Mr. Rohatyn has simultaneously played a major role *in refinancing* New York's crippling short-term debt burden and arranging major deals *for Lazard's corporate clients.* Throughout he has lived up to and continued to enjoy his nick*name of "Felix the fixer,"* which he earned by his adept *exploitation of a host of poli*tical and business contacts.

His value has long been appreciated by local politicians and it is reported today that Governor Hugh Carey has no intention of casting Mr. Rohatyn loose. An announcement is expected that he has agreed to act as the Governor's unpaid special economic adviser, willing to undertake a variety of unspecified tasks.

The Municipal Assistance Corporation was set up in 1975 as *an independent state agency to* borrow money on behalf of New York City, a large proportion of *whose revenues were directly* earmarked for debt servicing. Under Mr. Rohatyn's leadership some $6bn of debt which was originally due in 12 months has been refinanced over 13-14 years at average interest rates of around 8 per cent.

However, the city's budgetary problems are far from solved and despite Congressional approval of a new federal aid programme, partly designed and effectively lobbied by Mr. *Rohatyn, the city is fighting to* close a budget gap in its 1979-80 plans of $458m. New austerity programmes affecting educational and hospital services are expected to be announced soon.

Chilean team to appeal for prisoners

By Robert Lindley in Buenos Aires

A FIVE-MAN Chilean delegation has arrived in Buenos Aires to appeal for the release of an undisclosed number of Chileans arrested by Argentinian security forces. The arrests were carried out amid tension between Argentina and Chile resulting from a bitter dispute over the boundaries of the Beagle Channel.

It is estimated that there are 750,000 Chileans residing in Argentina. *Several members of* the Chilean community here have been expelled in recent *months, allegedly because their* documents were not in order.

Heavy demand recorded at IMF gold auction

BY OUR U.S. EDITOR

THE LATEST *International* Monetary Fund (IMF) monthly gold auction attracted a heavier than usual demand for gold, although the volume of bids was below that recorded in December.

The IMF announced yesterday that 17 institutions had submitted bids totalling 1.48m oz, of which nine were successful in winning the 470,000 oz awarded, at an average price of $219.34 an ounce.

The institutions were: Bank Leu (Zurich); Compagnie *Luxembourgeoise de la Dresdner* Bank (AG)—Dresdner Bank International of Luxembourg; Dresdner Bank (AG) of Frankfurt; Dresdner (South East Asia) Ltd of Singapore; Samuel Montagu (London); Samuel Montagu (Metals) Inc. of New York; Swiss Bank Corporation (Zurich); Swiss Credit Bank (Zurich); and Union Bank of Switzerland (Zurich).

In addition, 16,400 oz of gold was sold to the Government of Paraguay at the average price *under non-competitive bidding* procedures.

WORLD TRADE NEWS

Kenya imposes tough import curbs with strict control on air travel

BY JOHN WORRALL IN NAIROBI

KENYA HAS began the New Year grimly with a massive and unprecedented programme of tough import controls to prevent further erosion of its foreign exchange reserves.

The clampdown comes after the publication of figures for *the first six months of 1978,* which showed a trade deficit of about $274m (2.4bn Kenyan shillings) a position which may not have improved by the end of the year.

Mr. Mwai Kibaki, vice-president and finance minister, blames *the unfavourable prices* overseas for Kenya's main commodity exports, coffee and tea, and *increasingly expensive* imports. Some imports like machinery for development are deemed essential, others like expensive cars, wines and spirits are not and are being squeezed accordingly, bringing to a certain end the coffee boom bonanza.

Air travel has been brought under what is regarded as excessively strict control. Appli*cations for travel have to be made to the Central Bank,* with the unprecedented provision that each application has to be accompanied *by a bankers* cheque for Shillings 2,000 (Kenyan £100), which is only returnable if the application is refused.

Air travel will be limited to travel on business where an allotment of foreign currency *is approved* by exchange control, or where evidence is produced to show necessity, for *travel for health reasons,* compassionate grounds, non-Kenyan employees with contractual overseas *leave, for people who* have not travelled outside Kenya in the past two years, for students with foreign scholarships, and emigrants with one way tickets. Tickets can be issued by travel agents and airlines to non-residents against payment in foreign currency.

Commenting on these stricter ticket controls Mr. Kibaki said they were intended to control *the resale of tickets issued in* Kenya, now a popular practice. The controls also cover tickets bought *from* Kenya Airways, *the* national airline "because if not there will be situations where travellers change their *tickets to another flight over*seas for reconnection or any other reason," says Mr. Kibaki.

Basically Mr. Kibaki wants to gather a full record of imported goods to assess what imports are essential and what are inessential to the Kenya economy.

All traders now have to register the goods they want to *import* with the Central Bank of Kenya. Allocation of credit is to be controlled by the plac*ing of deposits before importa*tion is authorised. Depending on the products deposits, which *will be refundable, they will* vary from 25 per cent to 100 per cent of the total value of the goods.

Imports of crude oil and components for the local vehicle *assembly plants are guaranteed* approval on payment of a 25 per cent deposit. Other items *at present imported under qouta* allocations are to be permitted after a 100 per cent deposit is *paid to the Central Bank.*

Deposits of 100 per cent have been set for importing cars of more than 1600 cc, domestic *refrigerators, washing machines,* data processing machines, including computers: cosmetics, wines, *spirits,* cigarettes, *shirts,* suits and jackets.

All approved licences have to be sent to the Central Bank and the documents will be released to the commercial banks *for* deposit payments.

Among goods which can be imported with unconditional approval are construction *machinery* for which no foreign exchange is asked for: machinery for industry financed *by foreign medium,* or long-term credit of not less than 18 months: imports which form *foreign contributions to equity* in joint ventures, or are paid for overseas by wholly foreign companies: *imports of spare* parts for agricultural or industrial machinery. But importers have to give the Central Bank details of such items imported in the previous three months.

Nigeria puts back inspection plan

BY MARK WEBSTER

NIGERIA HAS delayed the introduction of its controversial pre-shipment inspection of imports to allow importers time to adjust to the new system, Nigerian Central Bank officials have announced in Lagos.

The scheme was to have started on January 1 this year but exemptions have been made for all goods ordered on or before December 12 last year and delivered to Nigeria by the end of this month.

The delay follows widespread criticism of the measures by exporters to Nigeria. They complained that although the scheme was first mentioned in April, the decree giving details of its operation has still not been *published* though *it* is expected soon.

A notice to importers from the Central Bank published on December 12 said the quantity, quality and price of all exports to Nigeria, with certain unnamed exceptions, would be checked before *shipment.*

Observers said the new system was to prevent the loss of foreign exchange earnings where importers over-invoiced to get around the strict exchange controls. It was also seen as an attempt to slow the flow of goods into the country which still has major balance of payments problems.

The Department of Trade in London believes the new regulations will further delay the despatch of goods to Nigeria and increase the burden of administration on companies doing business there.

Britain does more than £1bn worth of trade with Nigeria every year, and a protest has been lodged in Lagos against the new system. A call for joint EEC action against the plan is also being considered.

Adding to the confusion, Nigeria has still not clarified which goods will remain exempt from the pre-shipment inspection. It is likely, however, that live animals, fresh food, arms and ammunition, art objects and occasional gifts will be excluded.

The breadth of goods exempted from the new rules may be wider than anticipated, but details will not be made known, however, until an importer has processed the *necessary forms* through the Central Bank.

The details of the exemptions which will be in operation for *the transition period were given* in the notice to importers.

There will be no need to get the goods inspected before shipment if: (1) The import is covered by a letter of credit opened *on or before December* 12; (2) *If* the goods are being transported by ship, and the vessel has left the port of loading on or before January 31; (3) If the transport is by any other means and the goods arrive in Nigeria on or before January 31.

Under those circumstances, importers must provide the Nigerian Central Bank with a photocopy of the letter of credit stating the quantity and value of the imports and a completed Form M, before January 26. The form is the application by the *importer* for foreign currency to pay for goods, and has to be completed by all importers.

The other exemption is where a firm order has been placed on or before December 12 for goods to be delivered on or before January 31.

Holland's gas sales decline

By Charles Batchelor in Amsterdam

HOLLAND DELIVERED "considerably" less gas to domestic *and foreign customers in 1978,* according to Nederlandse Gasunie, the national gas distribution company. *Deliveries fell* five per cent to 90bn cubic metres compared with 1977, Mr. *G. Kardaun,* Gasunie's managing director, said in a New Year message to staff.

This is only the second year in which deliveries have declined since Holland became a major gas producer in the early 1960s. In 1977 deliveries fell by two per cent. The fall in 1978 *as a whole shows* some recovery from the position half way through the year when de*liveries were 10* per cent down on the comparable 1977 period.

The changed policies of *Gasunie* in recent years are partly responsible for the decline in deliveries, Mr. Kardaun *said as it tries to reduce the use* of gas in heavy industrial processes and electricity generating plant. The major reason though was the decline in sales to foreign customers who have rescheduled deliveries *over a* longer period. Holland has large contracts with France, *Belgium, West Germany* and Italy.

FINNISH MOTOR INDUSTRY

Dispute over Saab-Valmet 'aid'

BY LANCE KEYWORTH IN HELSINKI

THE FAVOURED position of Finland's only car manufacturer Saab-Valmet Oy, which has received tax concessions since it was established 10 years ago, is arousing growing hostility from car importers and their foreign suppliers.

Saab-Valmet, owned in equal parts by Saab of Sweden and Valmet, the State-owned engineering company, has received these concessions under a law which is due to expire next year, and plans to extend it have been met with considerable criticism.

The privileged position of Saab-Valmet has also come under close scrutiny in the context of its licence agreement with Chrysler International in August, 1978.

A Parliamentary Bill which would enable the Government to extend the favoured treatment for a further 10 years has led to Press investigations of the tax concessions, which amount *to a hidden subsidy, and have* revealed Government reticence on the sums involved. Estimates *put the total tax relief at about* FM 700m (nearly £90m at the current exchange rate) in the past 10 years. This works out at a subsidy averaging some FM 11,000 (£1,400) per Saab.

The sharp decline in car imports and the general recession *in the market, plus the fact that* Saab-Valmet now produces about 26,000 units a year, and *will begin to turn out* the Chrysler 1307 and 1308 as well as the new Chrysler Horizon *this year, has aroused the con*cern of car importers and the attention of the car exporting countries trading *in Finland.*

The new Bill would enable the tax concessions to be continued and extended to the Chrysler models. In fact, the wording of Article Two seems to give the *Government wide powers* to grant tax concessions to any new industrial plant or plant enlargemet *which* "promotes development and employment in some area of activity to a considerable extent or safeguards economic development in a particular region of the country, *or if the tax concession* is vitally important for society or for some other reasons."

A number of Embassies in Helsinki including those of the EEC countries are known to have made clear their positions to the Finnish authorities, Finnish press reports have even suggested that the tax concessions may contravene the *anti-discrimination provisions of* Article 18 of the Finland-EEC agreement. Moreover, the car dealers have submitted a memorandum to the Prime Minister. They are already *suffering from various fiscal and* monetary regulations to discourage car imports.

The car trade is always a primary target for corrective action by the Finnish authorities *when the country runs* into economic difficulties. On top of the heavy special tax on cars, *importers must still* pay cash before customs clearance, and the hire purchase terms are *quite stiff.*

These restrictive measures hit individual countries and importers *unevenly.*

The new tax concession Bill which Parliament must deal *with soon will, if* passed, give the Finnish Government wide powers to nurse new establish*ments not only in the car sector* but in any other.

Canadians in Peking for trade discussions

By John Hoffmann in Peking

A TOP-LEVEL Canadian mission *led by Mr. Jack H. Horner,* the Minister of Industry, Trade and Commerce, will arrive in Peking on Sunday to lay the ground for what Canada hopes will be a significant increase in bilateral trade.

Although it is a simple coinci*dence that this is the first trade* mission into China since the normalisation of China-U.S. relations, the 26 business and Government experts with Mr. Horner will be especially aware of the heightened competition for Chinese trade brought about by America's full-scale entry to the field.

They will be discussing with Chinese officials the supply of services, equipment and materials which will bring Canada into direct competition with United States industry. Mr. Horner hopes to persuade Peking officials to look on Canada as a long-term supplier of wheat, industrial materials and complete plants.

Members of his delegation will emphasise Canada's experi*ence and expertise in* agriculture, resource development including minerals, petroleum *and forestry,* and technological areas such as transport, communications and hydro-electric *power generation.*

Mr. A. R. Menzies, the Canadian Ambassador in Peking, said he believed Canada could count on a favoured position in the wheat trade despite the inroads made by the United States.

"I think the Chinese respect long, good trading relations with other countries. Unless there is good reason to change from traditional suppliers I don't think they will change." Canada has sold wheat to China for the past 17 years.

The Chinese would be fascinated by U.S. technology —the ultimate in Western development, said Mr. Menzies. "This attitude will pervade all Chinese thinking. But each country has areas of special knowledge and the Chinese will be quick to sort this out."

Canada was concerned about the imbalance in its trade with China. In 1977 Canadian exports to China totalled $369m and imports only $82m. Members of the Horner mission would be exploring ways to redress the balance.

Flaekt wins Mexican order

By John Walker in Stockholm

THE FLAEKT Group, Swedish manufacturers of air conditioning plant, has received an order *from Comision Federal de Elec*tricidad de Mexico for a flue gas cleansing unit for the Rio *Ascondido* power station in the Mexican state of Coahulla.

The order, valued at $18m, covers eight electrostatic precipitators with a collecting efficiency of 99.4 per cent, for cleaning flue gases from four 300MW boilers associated with coal mined near the power stations.

● The Alabama River Pulp Company has started production of about 350,000 tons per year of bleached softwood and hardwood pulp at its new mill at *Clairborne, Alabama.*

Under a new agreement, Modocell, part of the Swedish Modo pulp and paper manufacturing group will now be able to offer to its European customers about one third (about 100,000 tons) of this type of pulp alongside the pulp qualities produced by its Bure, Domsjoe and Husum Mills.

The booming U.S. film industry faces the trials of success. **Maurice Irvine** reports from Los Angeles

Jaws, Grease and the rising cost of escapism

IT HAS been a bumper year *for the U.S. film industry.* Box-office records have tumbled, gross receipts for 1978 will top *$2.7bn (15 per cent up on the* previous year), and a string of "blockbuster" hits have pulled *in even the normally recalcitrant* summer crowds.

Yet the moguls who run the Hollywood money-machine are worried. And those who buy their wares are fretful.

Studio chiefs are alarmed by the soaring cost of movie-making, and the unpredictability of today's audiences. And theatre-owners are angered by the paucity and high price of Hollywood's products.

"Films from major companies have dropped by half in the last five years," says Mr. Leonard Goldensin, chairman of ABC Inc. "And the fewer the movies, the higher the prices we're being asked to pay." That, he explains, is why ABC last October sold its 173-cinema chain for a modest $50m.

Despite the current profit bonanza, six out of ten films lose money. The 1.2bn people *who paid that $2.7bn at the box-*office over the past 12 months were drawn by a handful of hits, *leaving* around 200 other feature films in the cold. If rewards are higher, so are risks, *and studios* must rely on that "big one" to pay for the losers —a Star Wars, with its phenomenal worldwide gross $267m, or a Grease, the most *successful filmed musical ever,* which has brought $130m into Paramount's coffers so far.

The Hollywood seers failed uterly to predict the immense success of these and almost *every other hit of the year.* Studio boss after studio boss turned down the *Star Wars* pro*ject before 20th Century Fox's* film division chief, Mr. Alan Ladd Jr., a taller, darker version *of his actor father,* took courage and gave it the green light. *Grease* was universally panned by the critics.

It is accepted wisdom that in this era of falling dollars and rising prices, only escapist fare brings in those "big bucks," but clearly escapism is not enough. Americans stayed away in droves from pictures which had all the right light ingredients *Sgt. Pepper's Lonely Hearts Club Band* piped to half-empty houses. The producers of a $14m. disaster epic, *The Swarm,* were badly stung. *The Wiz,* on which Universal spent an alleged $30m, lacked box-office magic.

"You can't make cheapies these days," says Mr. Ned Tanen, chief of Universal. "Advertis*ing costs have tripled in five* years, unions want more, stars want more."

Yet this article of aith, too, is questionable. *Up in Smoke,* a hymn to tht joys of dope-smoking, made for a pittance ($1m), is doing roaring business—$40m to date, and going strongly. A raunchy, $2.5m farce, *National Lampoon's Animal House,* has grossed an astonishing $100m. Experts are puzzled; and the diversfied conglomerates that own most major studios today remain cautious.

"People read about the few huge grosses," says Mr. Ladd, "and they think we should be ploughing money back into making twice as many films. But rushing ahead on the wings of one success is a way to go broke. fast."

Yet, as even a cursory glance at the field shows, most big studios could afford to be more venturesome.

Only Paramount Studios (a subsidiary of Gulf and Western Industries) is forging ahead with a truly ambitious production schedule. With successes like *Grease, Saturday Night Fever, Heaven Can Wait* and many more behind him, Paramount *president Michael Eisner* is in expansive mood. "We've increased production not because *this is our biggest year ever,* but because they need the product out there," he says. "Better three movies that cost $15m than one $15m movie."

As for the rest, record or high profits are the order of the day.

● Warner Bros. appears to have a splendid new super-grosser in Superman, which brought in $21m in its first 12 days of release.

● For MCA, Jaws II swam in with a $99m gross bite in its maw.

● Twentieth Century Fox chairman Dennis Stanfill expects glorious things from Star Wars II and says the company will spend around $70m on feature films in 1979, a year in which net income could rival the 1977 record net of $6.52 a share.

● Disney profits continue to grow at around 23 per cent annually, with earnings of $82m last year on $630m sales. Two-thirds of those profits come from the amusement parks.

● Columbia announced profits at a new peak of $68.8m. or $7.40 a share, with revenues almost doubled to $575m. Former Columbia film chief David Begelman, ousted earlier this year after admitting cheque-forging and embezzlement of $61,000, is now back *with* the company as a top "consultant" and independent producer with *a six-figure salary,* and even a six-figure bonus under the terms of his former contract. Mr. Begelman, who helped rescue the studio from financial disaster by backing a series of hit films, was too valuable to lose.

Columbia's chief executive, Alan Hirschfeld, who was fired by the board because of his strenuous objections to rehiring Begelman, recently took up a *new post* as a high-level management consultant with Warner Bros. Mr. Hirschfeld begins work at Warners this *month and* is tipped to end up in "a very senior position." The Begelman trauma, however, was *hardly ended before Columbia* found itself faced with possible acquisition by financier Kirk *Kerkorian, principal stockholder* of MGM.

Mr. Kerkorian, who is making a $42.5m offer for 20 per cent of Columbia, vows he will not attempt to gain control of the company "for at least three years." But in Hollywood boardrooms few doubt *Kerkorian is* plotting to weld MGM and Columbia together in a single *company which would rival* MCA, the giant of the U.S. entertainment industry.

Columbia has endorsed "KK's" tender offer — unsurprisingly, since an MGM-Columbia giant, with stock selling at $40 or more a share, could mean *a big killing for Columbia* stockholders, whose shares now stand at about $22. The new *company would combine MGM's* immensely profitable gambling interests with Columbia's pin*ball, recording* and *film* operations.

It might even increase film production to ease the pangs of theatre operators, and do the nation's economy a good turn. Almost half the revenue of American films comes from abroad, to brighten the U.S. balance of payments picture.

Cinema-owners have also been encouraged by another major event in the industry, the emergence of Britain's Lord Grade as a force in U.S. films. Lord Grade is nothing if not productive: ITC Entertainment churned out 15 films in '78, more than either MGM or Fox. And in '79, partnered by his brother, Lord Bernard Delfont, his new, all-American company, Associated Film Distribution Co., will be pushing new movies galore on the U.S. market—"at least 12 per year, that's a minimum," says Lord Lew. He promises productions that range *from* a bio-pic based on the life of Maria Callas ("I'm playing the lead") to a $10m remake of *The Lone Ranger.* ("It will cost that much because all the baddies will be stars, like Telly Savalas.")

Will the upsurge in the film industry continue? "I believe it will," says Mr. Jack Valenti, head of the Motion Picture Association of America. "If only because better-educated younger people are growing so bored with TV pap. There's a new mood abroad. People want to share in a social event, get out of the house. They want something they can't get from TV, something unique and at the same time with a positive outlook on life."

Row over smallpox report leak

By Philip Rawstorne and Paul Taylor

A MAJOR political row broke out yesterday over the leaking of the report on the *Birmingham University smallpox outbreak*—and the future of research at St. Mary's Hospital Medical School, London, the only other *laboratory in Britain* undertaking smallpox research, became increasingly uncertain.

While the Department of Health accused Mr. Clive Jenkins, *leader of the Association of Scientific and* Managerial Staffs of a breach of faith for leaking the report, Mr. Patrick Jenkin, Tory *spokesman on the* social services, called for a full explanation of the leak and a Labour MP demanded a halt *to experiments at St. Mary's*, Paddington.

Mr. Arthur Latham, Labour MP for Paddington, said that in the light of the report's findings on the situation at Birmingham all virus experiments at St. Mary's should be stopped and specimens destroyed or transferred to a *place of safety* in a less densely populated area.

Last night, the hospital issued a statement detailing the strict health and safety precautions in operation. However, Professor Keith Dumbell, who heads the Paddington research team, made it clear that the future *of smallpox research* was now a political question and accepted that he might have to abandon work, move within the UK or *go abroad*.

The political wrangle over the leaked report began yesterday when the Department of Health claimed that *Mr. David Ennals*, Social Services Secretary, had sent a copy of it to Mr. Clive Jenkins on the clear understanding that it was not to be published *because of pending* legal action by the Health and Safety Executive against Birmingham University.

Legal advice

Mr. Ennals, who is at present visiting the U.S., also sent visiting the U.S., also *sent copies of the controversial* report by Professor Reginald Shooter to the British Medical Association, *the TUC*, the *Executive* and two other unions, NALGO and UCATT.

Mr. Jenkins maintained yesterday that he had refused to accept a copy of the report marked "confidential" and had insisted on an unmarked copy.

It had been given to him for his "information and use," he insisted. "I told Mr. Ennals I was going to publish it. He knew what I was going to do. I made my position crystal clear."

Mr. Doug Hoyle, *the* Labour MP and president of the union, said he had been present at the meeting and *denied the leakage* had been a breach of confidence.

A Department of Health spokesman said yesterday that he had no knowledge of any *personal meeting* between Mr. Ennals and Mr. Jenkins.

An accompanying letter sent out with the report said the *pre-publication* copies were for "information and use."

But the letter also set out the legal advice given to Mr. Ennals that the report could not be published at that time because of the pending prosecution of Birmingham University under the Health and Safety at Work Act.

The letter concluded: "That was, of course, professional advice *given before* receipt of the report and based on what it was expected the report might contain."

Now *that* the report was available, the letter said that Mr. Ennals was obtaining "definitive advice" on the earliest date on which it *could be published in full or in part*.

Mr. Patrick Jenkin entered the row yesterday with demands for a full explanation of the leak.

Speedy start for Maureen oilfield

BY KEVIN DONE, ENERGY CORRESPONDENT

THE Department of Energy has given the go-ahead for the development of the Maureen Field, one of the smaller commercial *discoveries* made in the North Sea.

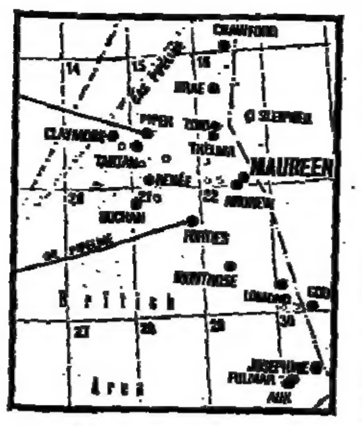
After several months of negotiations the Government appears to have approved the original *plan submitted* by the Phillips Petroleum group last summer.

It has dropped its earlier insistence that Phillips should build a pipeline link to bring *the oil ashore*, and instead is allowing Phillips *to load the oil* inot tankers at the field.

Philips had held exploratory talks with British Petroleum on the bulding of a link to the *existing pipeline* from BP's Forties Field. But it warned the Department of Energy that such negotiations could delay the field development by up to a year.

The Government said recently that with *self-sufficiency* in crude oil production set for 1980, it wished to ensure that future fields were developed to give the maximum recovry ofe all hydrocarbons, including natural gas and natural gas liquids.

About 5m barrels of natural gas liquids will now be lost over the life of the field, because the Government has decided to opt for immediate development.



The Maureen Field has recoverable reserves of oil estimated at between 125m and 150m barrels (*16m-20m tonnes*) and is too small to justify its own pipeline link to the shore.

The approved scheme for Maureen *is likely to cost in* the region of £350m. A link to the Forties pipeline could have cost an extra *£50m*.

Dr. Dickson Mabon, the Minister of State for Energy, has decided, however, that the development should be pushed *ahead to generate more work* for the hard-pressed offshore supplies industry.

The Maureen design is for a *steel gravity platform, which is* a new type of structure to the North Sea. It is being designed *by the Italian company, Tecnomare*. Similiar structures have been used successfully in the Luango Field off the coast of Congo, West Africa.

The platform contract should *go out to tender soon*. The structure could be built at any of four yards in Scotland, but the design could be best suited to the deep-water facilities at the Howard Doris yard at Loch Kishorn on the west coast of Scotland.

The steel platform construction industry should receive a *considerable boost* this year with orders for structures for the Magnus and North Cormorant Fields as well as Maureen. In addition two more fields could come up for development approval later this year, Brae and North West Hutton.

The Maureen Field will be the *first oil field developed by* Phillips in the UK sector of the North Sea, although it is the operator for the Hewett gas field *in the southern North Sea* and the Ekofisk oil and gas field in the Norwegian sector.

It will continue appraisal drilling *later this year* on another find in the UK sector, the Toni/Thelma structure.

The Phillips group includes *Petrofina*, Agip, Century Power and Light, Ultramar and British Electric Traction.

Rush for grants brings state aid concessions

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE GOVERNMENT aid *scheme* to the drop forging industry has been extended for six months to encourage more firms to apply for grants.

The scheme, announced in November 1977, met with a poor initial response. During the closing month of December 1978, however, the Department of Industry received a rush of applications. *The scheme* will now close on June 30, 1979.

The Department of Industry also announced yesterday that it *has decided to* lower the threshold on eligible projects from £50,000 to £25,000. This applies to plant, machinery and *equipment only. For projects* involving buildings the threshold remains at £50,000. The upper limit of £500,000 on such projects has been abolished.

Several of the industry aid schemes suffered poor starts but picked up significantly during *the closing* stages. By *mid-*December the Department had received 43 applications under the drop forging industry scheme. The total cost of the projects for which grants were being sought was £8.5m, involving possible grants of just over *£2m. The original* allocation to the scheme was £5m.

As the scheme progressed it was learned that its aim of modernised productio nand *improving* efficiency could often be achieved by the renewal of parts of plants rather than the installation of whole new *plants*. It was therefore decided to widen the scope of the scheme by reducing the cost threshold.

Midlands companies' survey shows orders improvement

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

A SHARP improvement in UK orders is reported by the West Midlands council of the Confederation of British Industry.

A survey of campanies represented on the council indicated a greater level of activity. But Mr. Steve Rankin, the CBI regional director, said yesterday that the improvement might not be sustained.

Tax rebates and higher earnings had contributed to a boom in high street speniding. But "sensible" wage *settlements* were essential if inflation was to be reduced.

Mr. Rankin said the region was entering a crucial period *in the pay round. Private companies* had done well to hold most settlements to around 5 per cent, plus productivity deals in many mases. The *onus* was now on the Government and how it dealt with the public sector.

On a *gloomier note*, the survey showed exports were becoming increasingly difficult to win and liquidity was becoming tighter for many companies.

"*Confidence remains* depressed and there are few signs that companies are planning to increase spending on *investment*," Mr. Rankin said.

£15m high speed boost for BR

BY LYNTON McLAIN

BRITISH RAIL is to order 10 more 125-mile-per-hour high-speed trains, at a total cost of £15m.

The trains will be used to improve services on the Eastern Region routes between London and Humberside in the early 1980s.

British Rail originally ordered the trains in 1974 as part of a total order for 42 high-speed trains, but the Transport Department granted permission for only 32.

Six of these started service on the main London to Newcastle and Edinburgh east coast line in May and the balance will start on the *same* routes this summer.

At least six minutes will be taken off the present fastest journey time from Newcastle to London, *King's Cross*, giving passengers a fastest journey time of 2 hours and 58 minutes, from May.

The fastest journey time from London to Edinburgh will be 4 hours and 36 minutes, over a quarter of an hour off the present *fastest time*.

British Rail said last night that the high speed trains had boosted the number of east coast passengers by *10 per cent*. Eastern Region said that not all of the increase could be attributed to the new trains. Other *factors included* an intensive advertising campaign.

But there had been persistent overcrowding on the 07.32 Newcastle Executive train. This had encouraged British Rail to bring forward by four months its early morning breakfast *special*, the *06.38* high-speed train from Newcastle to London. The first train will leave Newcastle Central Station on Monday.

The *next stage* of British Rail's introduction of the high-speed train will come late in 1981.

Singer verdict soon on Clydebank deadlock

BY LISA WOOD

A DECISION on the future of Singer's UK plant at Clydebank will prdobably be given next week by the company.

More than a month ago workers at the factory rejected management *plans* for a new pay structure, sub-contracting of labour and greater flexibility of operations, in spite of official union backing of the proposals.

This *followed* nearly *six* months of negotiations between the unions and management, which wants to cut more than 2,000 jobs at the plant as part of a four-year restructuring plan.

Kirkby wants £6m State aid

By John Elliott, Industrial Editor

THE GOVERNMENT hnas been asked for aid totalling nearly £6m spread over the next three years by *the loss-making* Kirkby Manufacturing and Engineering workers' co-operative on Merseyside.

Up to £2m would be needed during th next six *months to* repay debts, to pay for 200 redundancies, and to provide working capital. The remainder would cover the cost of modernising the co-operative's main central heating radiator production lines in 1981.

The claim forms part of a *proposal*, drawn up with the help of PA Management Consultants, that envisages the co-operative's making an overall profit for the 15 months to March next year. It is being considered by the Department of Industry whose independent *Industrial* Development Advisory Board will examine it later this month.

In the past, the Board has advised *against most claims* for aid by the co-operative. If it does so in this case, the Government will face strong pressure *from the Left-wing of the Labour* Party to reject the advice and pay the money.

About half the money has been asked for in grants, and the rest in loans. But the precise amount needed would depend on a number of factors, including the possibility of the co-operative's buying its factory and office buildings for a figure likely to be more than £1m from the owners, International *Property Development*.

The amount would also depend on the outcome of talks with the British Steel Corporation, which is a main creditor, with some £600,000 outstanding. The co-operative wants to phase the repayment of this debt and also needs to secure the future of a *£600,000 overdraft* facility with the National Westminster Bank.

At present it is surviving, in *spite of losses believed* to be running at £20,000 a week, because its creditors are not pressing their claims while the Government is considering the new aid application. One of the most immediate calls on its funds is £60,000 rent due to International Property Development.

If the co-operative purchased the buildings, it would have this rent. Reducing its labour force by 200 people to 513 would also help it on its way to profitability by saving £15,000 on its wage bill. But it needs about £250,000 to cover the cost of redundancy *payments*.

Perkins engines up by 5%

By David Churchill, Consumer Affairs Correspondent

PRICES OF a range of diesel and petrol engines and spare parts produced by the Perkins Engines Company are to rise by an average of 5 per cent from today.

The increases have been allowed by the Price Commission as an interim increase while it investigates the average 10.63 per cent price rise sought by the company. The investigation, announced yesterday, may take three months to carry out and until the commission reports to the *Prices Secretary* the price increase cannot be implemented in full.

Perkins Engines is a subsidiary company of *Massey-Ferguson* Holdings and the proposed price rises cover Perkins's range of diesel and petrol engines, reconditioned engines, "short" engines, and parts and optional extras.

In the last financial year, ending October 31, Perkins sales are understood to have risen by about a fifth in value to about £370m. But since about 40 per cent of the engines Perkins produces go to Massey-Ferguson it has suffered along with the parent group from the fall in demand for agricultural equipment.

The Price Commission's announcement that it was prepared to allow the company an *interim price rise* at *the same* time as announcing its investigation into the full price rise is unusual. The speed of the commission's decision is understood *to have been mainly due* to technical factors.

Miners fight plan for nuclear power site in coalfield

BY JOHN LLOYD

THE Central Electricity Generating Board is considering plans to build a nuclear power station at Druridge Bay, near Blyth in Tyne and Wear—in the heart of the north-east coalfield.

Also included in the board's plans *for the north-east* is a renovated coal-fired station at Dunston, in Gateshead. The present station at Dunston is very much a marginal one, producing around 100 megawatts, and the board is considering plans to extend it to 700 MWs.

At the same time it is completing a report on power supply in the south-west, which is expected to recommend a nuclear power station in Cornwall to supply the region's needs from the late 1980s. Construction of stations to come on stream in ten years' time would have to begin in the next two to three years.

While the new coal-fired station is likely to be uncontroversial—except possibly with local residents—both nuclear proposals are likely to cause *some protest*.

Mr. Sam Scott, *secretary of* the Northumberland area of the National Union of Mineworkers, said last night: "Building a *nuclear power station* on a beauty spot in the middle of a coalfield is the stupidest thing I ever heard of. We'll fight it every inch of the way."

The *north-eastern area* of the National Coal Board said it would sek assurances from the CEGB that the power coal burn would not be reduced. North-eastern area produced around 12.5m tonnes of coal last year of which 7.5m tonnes was burnt in power stations. Some £60m has been invested in the area's *collieries over the past five* years, aimed at keeping production levels more or less constant.

The CEGB said yesterday that it had no *specifications on the* size or type of nuclear station it might commission. The proposals were part of a plan which had been developed *for the* north-east region, and aimed to meet needs from the end of the 1980s onwards.

However, *it is possible that* the station would be of the same size as the present sole nuclear station in the area, at Hartlepool, *which is a large, 1320 MW* station.

While both the Mineworkers' Union and the Coal Board in the north-east welcome the extra capacity which may be installed at Dunston, both fear that any nuclear station—which would *run on baseload—would* push the older, coal-fired stations on to the margin, resulting in a net decrease in the coal take.

The area already has considerable over-production and stocking of coking coal—*for which* the Durham field is famous—and faces an even more serious situation if, as is feared, the iron *and steelmaking plant at British* Steel Corporation's Consett works is closed later this year.

In the south-west, the CEGB's preference for a nuclear station is likely *to run up against opposition* from Mr. Anthony Wedgwood Benn, the Energy Secretary, who made clear his *preference for* a coal-fired station to serve the area last summer. Mr. Benn had earlier vetoed a proposal for an oil-fired *station* at Insworke Point, near Plymouth.

However, the CEGB will argue strongly that the distance of any future station from a coalfield *would make transportation* prohibitively cumbersome and expensive, and that a nuclear station will be considerably less *wasteful of space*.

Hugh Routledge

GOING UP . . . Mrs. Margaret Thatcher takes a ride in a jackstay to view the International Boat Show. The lift followed a hint from the Opposition leader that a Conser*vative government might steer the boating industry to more* sales by bringing down the luxury rate of VAT from 12.5 per cent. When Mrs. Thatcher opened the show, at Earls Court, London, yesterday, she praised the industry for its *growth. It employs 30,000 people and present sales total* £270m a year.

Institutions warned about State intervention threat

BY ERIC SHORT

A WARNING on the dangers of Government or trade union intervention in the investment of pension funds was given yester*day by Mr. Nicholas Goodison*, chairman of the Stock Exchange.

He said a number of myths had been put forward concerning the power of the institutions, a topical subject in the City. Bunt the real threat was *the potential abuse by the State* of assets held by the institutions on behalf of members, pensioners and insurance policyholders.

If the State took an active role in the management of institutional funds, then it would be a *further move along the road* to totalitarian Socialism. He, therefore, urged all pension scheme members to make sure that their pension scheme trustees were *independent*, and to resist any effort by the Government to take a hand in the management of funds.

Mr. Goodison also attacked *the myth* that institutions could dictate the level of interest rates, one possible excuse for Government intervention. It was the demands of borrowers thta dictated such levels and, if the Government did not need to borrow so much, then interest rates would be lower.

He rejected charges made against *institutions of refusing* to buy Government securities until interest rates had been raised. It was the job of invest*ment managers to invest money* for hte benefit of members of pension schemes. He affirmed that such managers would hold *off buying gilts if they thought* interest rates were likely to rise and it was in the interests of members to do so. If the *Government* was borrowing too much then interest rates would certainly rise.

He considered that it was a good thing for the Government to be *subject to market disci*plines. In the absence of such disciplines, it could direct other people's money into its own coffers, and the country would be in an even *worse financial* mess than it was.

Micro-chip transition 'urgent'

By Paul Taylor

LORD PEART, the Lord Privy Seal, *yesterday stressed* the importance of micro-electronics to Britain's future competitiveness. He said that if Britain adopted *new technology as fast* as its competitors the number of jobs created would outweigh those lost, but warned that to respond too slowly would increase unemployment.

Lord Peart was speaking at the opening of the British Computer Society's 1979 conference *in London*.

Study

He acknowledged the fears which had been expressed about the employment effects of micro-electronics and mentioned the *recent study on these effects* completed by the Government "think tank," the Central Policy Review Staff. Further research is being undertaken by the Advisory Council for Applied Research and Development, he said.

The main factor affecting employment would be Britain's competitiveness in supplying products incorporating the new technology, but he added, "the one sure recipe for increasing *unemployment* will be to respond too slowly."

Lord Peart urged that concern over the effects of micro-electronics or employment *should not lead to an ignoring* of the social effects, such as the changing pattern of work and leisure.

Developments in micro-electronics *would bring increasing numbers* of people into contact with computing. Computing would be converted from a "*mysterious discipline*" into the daily tool of the manager, clerk and consumer. Living with these changes would produce *challenges* both for the designer *of products and systems* and for the consumer.

Challenges

"*We must take up these challenges* and mould them to the national benefit," Lord Peart said.

The government had an obligation *to ease transitional difficulties* as far as possible, in part through training and retraining. The government had *said, however, that the decision* would lie with thousands of managers and trade unionists, the non-specialists, who would have to live with computing and *who would largely determine* the rate of change.

Unions warned on technology

BY CHRISTIAN TYLER, LABOUR EDITOR

BRITISH TRADE unions were yesterday advised to launch their own research into the impact of new technology on working life and not to learn about it through manuals written by computer engineers or employers.

Professor Kristen Nygaard, a Norwegian trade unionist and computer specialist, warned that unions could become trapped by technology and lose any chance of modifying *or stopping systems* that employers wanted to introduce.

"We are in danger of brainwashing ourselves," he told a seminar in Bishop Stortford, Herts, of national and local officials of the Association of Scientific, Technical and Managerial Staffs, held to explore the consequences of the promised microelectronic revolution.

Unions had to define workers' requirements *on the basis of* trade union *principles*, traditions and their knowledge of working life. Only then could they hope to come to grips with the inevitable changes, he said.

By developing their own concepts of the purposes of *technology unions* in Norway had had some success in changing systems. As an example of failure to meet technology in time he cited typographers in print unions, who he said *had* developed an alternative strategy too late.

He said special shop stewards had been created in Norway, but with controls to prevent them from being "bought up" by management, mesmerised by the technology itself, and losing touch with *the shop floor*.

Referring to the constant cry for rapid adaptation to the *microelectronic age* because of the need to stay competitive, *Professor Nygaard* said a better *test for unions* to apply was to ask "are we exploitable enough to be competitive?"

Today, the third day of the seminar, Sir Kenneth Berrill, head of the Central Policy Review *Staff*, is to speak on the social effects of micro-processors.

Textile group doubts effect of EEC plan

BY RHYS DAVID, TEXTILES CORRESPONDENT

CONTINUING DOUBTS about the effectiveness of arrangements proposed *by the EEC for* controlling the growth in textile imports from Mediterranean associate countries, have been expressed *by Britain's textile industry in* a letter to Mr. John Smith, the Trade Secretary.

The UK *industry is concerned* that, in agreements reached shortly before Christmas with Spain, Greece and Morocco, the global ceilings laid down by the *EEC Council of Ministers a year* ago on imports of eight sensitive products, have been breached. Talks are continuing with other *Mediterranean associates* including Portugal, which is seeking a big expansion in its exports of textiles to the EEC, where its main market is Britain.

Dr. Brian Smith, president of the British Textile Confederation, in a letter to Mr. Smith, claims that the concept of global ceilings — limits on imports of particular products into the EEC from all sources—was accepted in December, 1977, by the Council of Ministers as essential to the orderly operation of bilateral agreements negotiated by the EEC with low cost suppliers, and the less formal undertakings negotiated with associate countries.

He *adds*: "Any further breach of the ceiling must be a matter of considerable concern, not only to the industry but also to the low cost countries outside the Mediterranean which have respected quotas set under their bilateral agreements with the Community." These countries will want their limits raised, the *confederation* believes, *if* Mediterranean countries are given greater access.

In a letter to the confederation, Mr. John Smith had claimed that the new conces*sions to the Mediterranean* countries were being matched by much tighter enforcement to ensure that their limits were observed, but the *confederation* claims, this assurance will also need to be closely watched. The arrangement will only be effective, it says, if the Commission and member States act promptly when the new *higher* limits look like being exceeded.

The industry in Britain is also worried by another potential loophole in the arrangements with the Mediterranean associates. In the case of imports from low cost countries in the Far East, a burden-sharing formula exists to ensure that goods are spread around the *Community* and do not swamp individual markets such as Britain.

No such arrangement exists in *the case of the Mediterranean* associates, and EEC Commission lawyers have apparently advised that to introduce one would be against the Community's rules on free circulation. As a result, *textile industry* leaders in Britain *fear a deflection of* trade. After UK quotas had been used up, supplies would be sent to Britain through other EEC countries which still had *unused quotas, it is feared*.

If this proves to be the case, the industry is likely to step up its pressure for a new safeguard mechanism to limit the free circulation of imports from the Mediterranean associates, where disruption was being caused in individual markets.

Accounting link shunned by Fides

By Michael Lafferty

FIDES, the large Swiss accounting firm, said yesterday it would not join a new international accounting group which included Thomson McLintock, one of the largest UK accounting firms, and Main Lafrentz, the U.S. accounting firm with which McLintock is connected.

However, Fides confirmed that it has been a party to some recent discussions with other major European accounting firms. These include Klynveld Kraayenhof of Holland and Deutsche Treuhand of Germany. Both firms are currently engaged in transatlantic discussions aimed at forming a giant new international accounting group which could be bigger than some of the present "Big Eight" international firms.

Another firm which has been considered for inclusion is Revisionsfirmaet C. Jespersen of Denmark. Jespersen is linked in another international grouping, Fox Josolyne Fides, which includes Fides of Switzerland. Fides now says that it intends to develop this group as an alternative to linking in something new.

Meanwhile, discussions between some of the other main firms concerned continued yesterday in North America.

DUBLIN CELEBRATES BUMPER YEAR AS TOURISTS TOP 2M

Holiday Britons set Irish record

BY STEWART DALBY

IRISH TOURISM, one of the country's important foreign exchange earners, enjoyed a record year in 1978.

The country received more than 2m visitors, surpassing the previous best year of 1969, when just under 2m. tourists arrived. Last year the visitors spent £400m, including fares, which about equals 10 per cent of visible and invisible exports.

The Irish Tourist Board estimates that 5,000 jobs were created by tourism last year.

The increase in numbers over 1977 was 12 per cent, and the biggest boost came from visitors from Britain. At 996,000, the figure is 15 per cent higher than in 1977. The increase from Britain came about because of a desire for cheaper holidays nearer to home, but mostly because of the seemingly improved security situation in Ulster.

Although the Republic has never been badly hit by violence—there have been occasional bombings—the bad image created by Ulster violence has affected Irish tourism.

When the "troubles" began to intensify in the early seventies tourism to the Republic dropped off dramatically, with arrivals in one or two years dropping below the 1m mark.

With violence lessening for most of 1978, the republic capitalised on the considerable tourist service it has built up. There is hardly a town or village without an Irish Tourist Board information centre, even if it is only a tavern.

These centres give details of the local caravan and camping sites, as well as hotels and amenities.

Americans come on their way to somewhere else, or because they are on what has become known as the "Roots Trail." There are more than 3m Americans with Irish ancestry. Last year there were 322,000 tourists from America.

The rapidly-growing European market is partly the result of an intensive advertising campaign to attract those in Germany, Sweden and France interested in camping, fishing, hiking and pony-trekking holidays.

Mr. Joe Malone, the board's chief executive, said the improvement could be sustained this year, but conditions could become tougher. He cited the weakening of the economies in some of the main markets and the impact of increased oil prices and air fares as particular obstacles.

State 'should foster small businesses'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

NATIONALISED industries should play a part in helping to set up small businesses in decaying urban areas, suggests Mr. John Biffen, Conservative MP for Oswestry and Shadow Cabinet member with special responsibility for the self-employed.

In an article to be published this month in the journal of the Small Business Bureau, he sets out his thinking on the policy which the next Conservative administration will adopt on this front.

Its immediate task would be to implement policy changes in several Whitehall developments with the common goal of liberating the small business sector.

He predicts that there will be growing interest in the Shell partnership scheme under which the oil company fosters small businesses in the decaying urban heartlands.

"If Shell can do it, why not other giants and indeed, what role for our national industries?" Mr. Biffen asks.

Mr. Biffen, who is a leading Conservative advocate of the free market economy, makes it clear that he does not want to see any extension of consumer protection which, he believes, bears heavily on the small businessman.

"The time is long overdue when there was a hearty reaction against much of the consumer legislation," he says.

The Conservatives were determined to win the next general election and use the opportunity to redress the balance so that there was a greater role for free enterprise.

"Prices and profit should be free to fulfil their vital functions in idtentifying consumer need and allocating resources. This means the market place and not Whitehall or Brussels is the best place for this nation's industry and commerce to be tested."

The corporatist partnership between politicians, big unions and big business tended to become a cosy cartel and was foredoomed to failure.

"What Britain needs is an economy where the consumer is sovereign," Mr. Biffen adds.

Keep pay offers at responsible level, urges Methven

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A PLEA for employers to make "responsible" pay offers and to resist demands for the reopening of deals already struck within the Government 5 per cent pay guidelines is made today by the Confederation of British Industry.

In a letter to member companies written at a time when pay offers of 12 to 15 per cent or more are being made in the road haulage and other industries, Sir John Methven, the confederation's director general says; "Employers must continue to show by their actions that their commitment to bringing down inflation is real."

The alternative was a "pay explosion and, with it, not only lower profitability and the loss of international competitiveness, but also the loss of the prospects for the reform of our pay determination system which must be achieved."

The confederation's pay data bank was showing before Christmas that a majority of pay deals were being struck broadly within the Government's guidelines, although several were being topped up with special rises for low-paid workers and with productivity agreements.

Now, with Ford and others offering 15 per cent or more, and with Parliament forcing the Government to abandon its pay sanctions system, some employers fear that they will face strong pressure both for high deals and for existing agreements to be reopened.

"The paramount requirement now is for all in trade and industry to demonstrate that responsible settlements can be achieved without the unfair system of enforcement which Parliament has rejected," says Sir John.

It was essential for employers to "accept their responsibility" and to ensure that pay deals in the private sector did not provide a pretext for inflationary settlements in the nationalised industries and public services.

SIR JOHN METHVEN: plea to employers

"It will also be vital to resist the pressures which may arise for settlements already concluded under the guidelines to be reopened. The 12-month rule remains not only an integral part of the Government's policy, but also a major factor in maintaining an orderly pay round," says Sir John.

Better liaison between housing bodies sought

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

ARRANGEMENTS to improve liaison between housing associations and local authorities are proposed in a report from the Housing Services Advisory Group.

According to the group, some authorities view housing associations with misgivings and make little use of them although, in general, the relationships between them are good.

The group, made up of councillors and others involved in housing, was set up in 1975 to provide guidance on the handling of specific issues.

The report suggests that the Department of the Environment should give earlier approval for certain housing association schemes and local authorities should give assurances of their support for associations over a period of two or three years. This would enable associations to plan ahead more easily.

When assessing their housing requirements and drawing up strategy, local authorities should consult the associations. They should also invite them to make their own bid for funds when the local housing investment programme is being prepared.

Mr. Reginald Freeson, Minister for Housing and Construction, announced yesterday that the membership of the group is to be widened to include more councillors, an extra housing officer, two tenants, a trade union member and a director of one of the voluntary housing bodies. Its new programme of work will include a study of housing stocks, problems of organising repair services and security on housing estates.

The report, entitled Housing Associations and their part in Current Housing Strategies, is published by the group. Price 50p.

Ratepayers 'to foot bill for shoddy housing'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE PUBLIC faces massive bills for repair work on shoddily built post-war housing, acording to the latest edition of Buling Design, the construction industry newspaper.

It claims that local authorities have inherited houses from new town development corporations since the war, face bills of over £80m for remedial wrk. Every penny, it says, will have to be borne by ratepayers as the Department of the Environment is unlikely to provide assistance.

Building Design lists blocks of flats throughout the country which have been, or are about to be, demolished and itemises cases where councils face bills of up to £27m. Most of the problems involve leaks and condensation.

Mr. Michael Latham, MP, says in the magazine that much of the trouble is the result of lack of funds available in the past to government research and testing organisations. He claimed that if they had been operating properly 20 years ago the present problems would have been avoided.

"We have got to work towards preventing disasters rather than rectifying them afterwards at enormous expense," Mr. Latham added.

Rising demand boosts Chester Barrie revival

BY RHYS DAVID, TEXTILES CORRESPONDENT

STRONG DEMAND for its high quality suits in the UK and overseas—particularly France—is reported by Chester Barrie, the menswear group rescued from the receiver by Austin Reed last July.

Since taking over the company Austin Reed has built up production again to about 750 suits a week compared with 1,000 a week before the collapse, and it is hoped output can be increased further. At the same time total employment at the Crewe factory—bought for £750,000 and now being modernised at a cost of £250,000—has been cut from 600 full- and part-time workers to around 330, all full-time.

Mr. Barry Reed, chairman and chief executive of Austin Reed, said they had now passed their first hurdle at Chester Barrie with the successful sale of its spring range, and orders for the autumn season were also good.

The company's plans for Austin Reed include some further restructuring of the Crewe plant to make more effective use of space, and there will be further exchange of know-how with Austin Reed's American associate, Hickey Freeman, which has a similar high-quality suit manufacturing operation. Management at Crewe has also been substantially strengthened.

On the continent the company has built up its representation in Paris in a number of important outlets, and has had some success in France and Belgium in attracting customers local for a British-made, if not Savile Row, suit. The Chester Barrie group's other brand name, Simon Ackerman, has been more widely used in the past in France, but it is now planned to give the Chester Barrie name more exposure as well.

Radio £6m ahead

NOVEMBER revenue to Independent Local Radio was £3.52m, bringing the total for the year to date to £26.6m. This compares with £20.6m for the first 11 months of 1977.

Scargill urges miners to prepare for battle

BY ALAN PIKE, LABOUR CORRESPONDENT

A CALL to miners to prepare to fight hard for their union's *looming pay claim of up to 40* per cent was issued yesterday by Mr. Arthur Scargill, Yorkshire area president of the National Union of Mineworkers.

The miners present one of the potentially most serious threats to the Government's hopes of retaining some credibility for its pay policy in the public sector.

Mr. Scargill said that in the next few weeks miners had to decide whether to "put up or shut up." They must either "stand firm over our current wage claim or pack up and go home."

The union is seeking new rates of £110 per week for coal-face workers and proportionate increases for other grades. It also wants other benefits, including a shorter working week, and *demands that the entire deal* should last for only eight months. Detailed negotiations are expected to start next month.

Mr. Scargill, writing in the Yorkshire Miner, said that in "*every pit, pub and club*" NUM members must make their voices heard. "The day of the exploited miner must come to an end now. Our living standards are not going to be eroded any further."

The miners are not the only *public sector group which will* challenge the Government's efforts to maintain a pay policy in areas where it has direct influence despite the collapse of its sanctions campaign in the private sector.

The National Union of Teachers announced yesterday that it *will be unveiling another* claim which will challenge the five per cent guidelines early next month.

The teachers, whose new *settlement is due in April*, are attempting to restore the value of the 1974 Houghton award and the NUT said yesterday that *the Department of* Education salaries index already showed that this would need "*at least* 30 *per* cent to keep up with the average increase in the pay of non-manual workers since 1974."

Teachers' leaders are analysing the results of the civil servants' pay research on which civil service unions will also be basing big claims.

Times rejects inquiry call

BY PAULINE CLARK, LABOUR STAFF

THE MANAGEMENT of Times Newspapers yesterday re-*inforced its stand* in the present dispute over new technology by rejecting a recent *appeal by its journalists* for an independent inquiry.

Mr. Duke Hussey, managing director and chief executive, said in a letter to Mr. Albert Booth, Employment Secretary, that he believed the priority in any attempt to settle the problems should be "realistic negotiations."

These were "urgently required" if publication of the group's newspapers was to start again after having been suspended for more than a month.

Mr. Hussey was responding to a call for a new initiative to break the deadlock in the dispute conveyed in a letter to Mr. Booth from Mr. Jacob *Ecclestone, Father of* the Times' National Union of Journalists' Chapel (branch leader) earlier this week.

Mr. Hussey questioned the purpose of a further independent inquiry after the examination of the newspaper industry, including national dailies recently completed by a Royal Commission.

He pointed out that every inquiry into the national newspaper industry had indicated that, in many areas, it was grossly overstaffed with many *restrictive practices, half night* workings and "other customs to which the Inland Revenue has recently drawn attention."

Mr. Hussey said the Royal Commission, like others in the past, had pointed out the benefits that could be obtained from new technology without injury to the immediate or long-*term interest of workers*.

He *emphasised* that the "fundamental problem" was that some *chapel* and *union* negotiators were refusing to accept that restrictive practices and over-manning had to be dealt with.

"It is realistic negotiations to settle these problems that are urgently required to achieve *the aim which we all share*—the republication of our newspapers.

The number of groups to have reached agreement on the management's proposals rose to 19 yesterday when photo-technicians in the National Society of Operative Printers Graphical and Media Personnel *completed negotiations*.

COMPANY NOTICE

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF PREFERRED STOCK WARRANTS TO BEARER

PAYMENT OF COUPON No. 100

With reference to the notice of declaration of dividend advertised in the Press on 24th November 1978, the following information is published for the guidance of holders of stock warrants to bearer.

The dividend of 3% (3 cents) was declared in South African currency. South African non-resident shareholders' tax at 0.33295 cents per share will be deducted from the *dividend payable in respect of all share warrant coupons leaving a net* dividend of 2.66705 cents per share.

The dividend on bearer shares will be paid on or after 2nd February 1979 against surrender of coupon No. 100 detached from stock warrants to bearer as under:

(a) *At the office of the following continental paying agent:*
Credit du Nord,
6-8 Boulevard Haussmann
Paris 75009
Payments in respect of coupons lodged at the offices of a continental *paying agent will be made in South African currency to an authorised* dealer in exchange in the Republic of South Africa nominated by the continental paying agent. Instructions regarding disposal of the proceeds of the payment so made can only be given to such authorised dealer by the continental paying agent concerned.

(b) At the London Bearer Reception Office of Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in rand to an address in the Republic of South Africa, payment will be made in *United Kingdom currency either:*

(i) in respect of coupons lodged prior to the 19th January 1979 at *the United Kingdom currency equivalent of the rand currency value* of their dividend on 23rd January 1979 or;

(ii) *in respect of coupons lodged during the period 19th January to* 24th January 1979 both days inclusive at the United Kingdom currency equivalent of the rand currency value of their dividend on 29th January 1979 or;

(iii) *in respect of coupons lodged on or after 25th January 1979 at* the prevailing rate of exchange on the day the proceeds are remitted, through an authorised dealer in exchange in Johannesburg to the London Bearer Reception Office.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10 am and 3 pm. United Kingdom income tax will be deducted from payments in the United Kingdom currency in respect of coupons deposited at the *London Bearer* Reception Office, unless such coupons are accompanied by Inland Revenue declarations. Where such deduction is made, the *net amount of the dividend* will be the United Kingdom currency equivalent of 2.01 cents per share in terms *of sub paragraph (b) above arrived at as under:*

	South-African Currency Cents per share
Amount of dividend declared	3.00
Less: South African non-resident shareholders' tax at 11.0983%	0.33295
	2.66705
Less: UK income tax at 21.9017% on the gross amount of the dividend of 3 cents	0.65705
	2.01

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
J. C. Greensmith

London Office:
40 Holborn Viaduct,
EC1P 1AJ
4th January 1979.

Note:
The Company has been requested by the Commissioners of Inland Revenue to state:
Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to *the dividend* is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 21.9017% instead of the basic rate of 33% represents an allowance of credit at the rate of 11.0983%.

Construction union issues warning of demand for employee registration

BY OUR LABOUR STAFF

BUILDING WORKERS will press for compulsory registration of employees and companies in the industry if employers *persist in delaying* the introduction of a voluntary scheme, the Union of Construction, Allied Trades and Technicians said yesterday.

Mr. Les Wood, new general secretary of the union, said it *almost seemed as if delays* were being created in the hope that a Conservative government would be elected before the scheme *properly began*.

After a meeting yesterday with the National Joint Council of *Building Employers*. Mr. Wood said he doubted whether even a Conservative government would want to see the industry continue on its present basis. The workforce was in the main treated "*in the most casual* way" with little guarantee of continuity of employment.

He said: "The time given for the implementation of the voluntary system of registration is rapidly running out. There *is now no excuse for delaying* any longer the appointment of the necessary staff to set the scheme in motion."

The union sees a *registration* scheme for all employers and employees in the industry as central to increased efficiency and for *improving safety* and other working conditions. It would create a stable workforce *in line with other industries*.

Mr. Wood suggested that the industry's holiday with pay scheme employers' register could be used as a basis to build up a comprehensive register.

Pay incentive for skilled workers

SKILLED WORKERS in some key industries who are unemployed or face redundancy can from this week receive four tax-free payments of £125 in addition to other grants under a trial *year-long scheme* launched by the Manpower Services Commission.

The scheme, which will affect the construction equipment, diesel engine, pump and valve, *food and drink machinery* and domestic electrical appliance industries, is designed to help skilled workers move to areas where there is a serious labour shortage.

The experiment, known as the Priority Vacancies Scheme, sets no pay limit for the job. Workers may also claim for existing *Employment Transfer* Scheme grants, including fares, a disturbance grant, removal *expenses and a settling-in grant*.

Midland Bank opens branch at Ford plant

By Our Labour Staff

MIDLAND BANK said yesterday that it has now opened its "in plant" branch at Ford Motor's *Halewood factory*.

This will provide full banking services for all factory employees from noon until 6 pm on Thursdays, noon until 5 pm *on* Fridays *and* from 10 am to 3 pm on the other three weekdays.

The bank, which has been *looking at the possibility of* introducing similar operations elsewhere, reached agreement on opening hours at the branch *with the* National Union of Bank Employees and the Association of Scientific, *Technical and Managerial* Staffs.

Midland has recently concluded national procedural *arrangements with the two* unions. The arrangements are identical but separate and pro*vide for negotiating and* consultative machinery covering a wide range of issues including pay and *conditions of* service.

The bank is providing further resources and facili*ties to the unions, including* additional seconded representation for both clerical and *technical and services staff*.

Civil Service union in pay fight warning

BY PHILIP BASSETT, LABOUR STAFF

THE CIVIL and Public Services Association, yesterday warned the Government that it would be prevented from governing if it *refused to implement* the results of an independent pay unit study into Civil Service pay.

Some Civil Service unions expect to open negotiations with the Civil Service Department *next week on the reports of the* Pay Research Unit. First reports showed that the Government may be faced with 25-30 per cent claims.

Mr. Ken Thomas, general *secretary of the* CPSA, the largest Civil Service union, said yesterday that a decision by the Government to stick to its 5 per cent limit for civil servants against the evidence of outside comparisons "could only be justified by a blind and foolish stubbornness of hanging on to a policy even when it lies *shattered before them*."

The union, in its monthly journal, points out that the effectiveness of the administration of Government policy depends on civil servants.

Government disregard of that over two decades had forced civil servants into confrontations which have "*soured and permanently damaged ou[r]* relationship."

There was an unprecedente[d] degree of unity between civi[l] servants for the "impendin[g] battle" over pay. A £1m fight[ing] fund has been set up to bac[k] the campaign.

Civil servants were now dis[-]playing a readiness to say "We will no longer be th[e] scapegoats and the victims o[f] Government economic polic[y]. This time you will listen, or w[e] will prevent you from govern[-]ing."

Obligations

The union said civil servant[s] had stood at the end of th[e] wages queue for long enough. *The Government would have t[o]* meet its obligations "or w[e] will bring their administratio[n] *to a halt*."

The union will begin holdin[g] mass meetings next week i[n] work time without approval t[o] get *full* support for a pro[-]gramme of industrial action.

Members of the Society o[f] Civil and Public Servants, th[e] *second-largest Civil Servic[e]* union, have already held meet[-]ings and received 95 per cen[t] *support for action*.

THE PROPERTY MARKET BY JOHN BRENNAN

Rents hold the key

PURCHASING YIELDS for prime commercial property in Britain stayed remarkably stable throughout 1978, despite rising interest rates. Institutional quality properties have been bought to show initial returns as low as 4 per cent in a year when there was a six point rise in the level of Minimum Lending Rate, to 12½ per cent, and an increase in the return on 2½ per cent Consols from 10.67 per cent to 12.63 per cent.

Healey and Baker's first prime property yield chart of the new year published today, shows just how stable the property investment market has been in the year. And the firm argues the simple three-fold explanation of this stability that has now gained general acceptance.

Faced with higher and rising yields on alternative investments, fund managers have been willing to accept low property yields because of high rent growth expectations: the simple weight of institutional funds in search of a home: and the acute shortage of suitable properties.

There is no doubt that in 1978 shop rents powered ahead (by as much as 30 per cent annual compound in the finest trading positions, according to H and B). At the same time industrial rents, and the very best Central London office rents also staged an unquestioned recovery.

There are precious few properties on the market at the moment that rate a second glance from the major financial institutions, although the continual process of portfolio sifting provides a cascade of big fund rejects for small (or less particular) funds to keep the market ticking over.

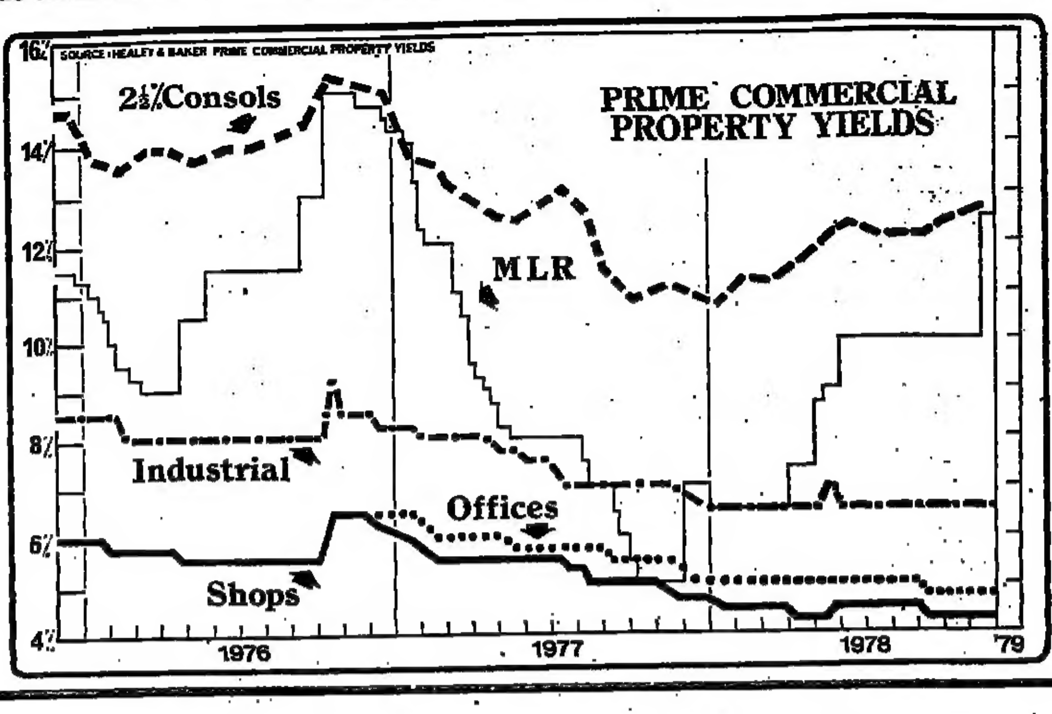
This shortage channels the ever rising flood of investable money towards fewer and fewer properties and helps to keep buying yields competitively low.

But as Development Land Tax makes it harder to justify new developments, the present shortage of prime properties is also unlikely to spark the kind of new-building boom that took the steam out of the market in the past. And that longer term scarcity of new buildings helps to justify low buying yields on both the "buy it while you can" argument and on the more rational argument that fewer modern buildings mean higher rents.

This explanation of the performance of property yields last year is straightforward and plausible. But if any one of the three elements of this argument weakens, then the outlook for 1979 becomes far less clear.

The weight of money flowing into the funds shows no signs of declining, and so that plank of the low yield platform looks secure. The scarcity of suitable properties also looks a long term problem dispite minor forays overseas and development financing.

The one possible weak link in the argument for a glowing and low yielding future for the property investment market is the outlook for rent growth. Buying on initial returns of 4 or 5 per cent imply annual rent growth of 9 to 10 per cent a year. On past performance that is not an impossible growth target. And if the economy survives election year unscathed, such growth rates may look conservative. But if the economy nosedives from its current unsteady plateau there will be red faces in many investment committees as property managers stammer their excuses.



Hay's Wharf—end of a dream

PUBLICATION of The Proprietors of Hay's Wharf's 1978 accounts this week marks the end of a redevelopment dream dating back to the early 1950's.

The stockmarket's favourite "hidden asset" stock outlived the last of the development options granted on its site on the South of the Thames (between London Bridge and Tower Bridge) when its agreements with Argyle Securities' finally lapsed in September. The group has taken this opportunity to reorganise and revalue its property holdings.

Jones Lang Wootton valued the whole of Hay's Wharf's properties on an open market basis at £19.5m, enough to support a £6.8m surplus over the 1977 figures. London Bridge Properties has been formed to hold all the group's investment properties apart from the key Tooley Street and Chambers Wharf site by the Thames. This site, part freehold, part leasehold from the City Corporation, is now held in a new subsidiary, London Bridge Developments.

As far as shareholders are concerned that revaluation is their first sight of the real value of the group's development land. Development Land Tax and planning delays have killed the hope value that, in October 1971, allowed the group to talk excitedly of a "£300m plus" scheme for the 38½ acre Thames-side site. This was described as "a plan for the largest and most exciting commercial project to be undertaken in London since the Great Fire of 1666."

Instead, the company now believes that JLW's valuation gives a realistic idea of the attributable worth of the land. Not that the site has lost its development appeal. Since 1973 Hay's Wharf has been able to supplement its now thriving trading business with £3.3m cash from the sale of 3.5 acres of land west of London Bridge. Further sales will be made easier now that, six and a-half years after the company sold a 135 year lease to the Property Services Agency for £1.6m to build a new Crown Courts complex, the Government body has finally started work on the building. When that work is completed in the early 1980s the Southwark structure plan, which recognises the need for commercial development of the site, may at long last become a reality.

Unveiling TW's strength

TAYLOR WOODROW'S next accounts, due in a few weeks' time, are likely to show net property assets alone worth nearly as much as its current share price. And by the early 1980s the property side could be worth comfortably more than £5 a share. This bullish view of TW's asset strength emerges from a detailed analysis of the construction group's property divisions by Fred Wellings, of stockbroker J. and A. Scrimegour.

Mr. Wellings has applied the John Laing "divide and grow" approach to TW's accounts. And although TW has no plans to follow Laing's example, by splitting its property and construction businesses, this approach supports an estimate of 397p a share of net property assets after the group's five-year revaluation at the end of 1978, and a forward estimate of around 512p a share after completion in 1983-84 of the 280,000 sq ft World Trade Centre at St. Katherine's docks.

St. Katherine-by-the-Tower, a full subsidiary within TW, already produces net rental income of just under £1m a year and is held in the books at £23.1m. Mr. Wellings believes this year's revaluation will show a net worth of around £28m. After £20m construction work on the new World Trade Centre, all internally financed, he expects net rents on the scheme to contribute around £4m to £4½m a year and support a net worth of £55m.

Elsewhere in Britain TW is in planning or financing discussions over no less than five 0.2m to 0.3m sq ft town centre schemes in Bromley, Hounslow, Crawley, Bournemouth, and Portsmouth. Only "seed money" would be committed to these schemes to ensure some equity participation with institutional financing partners. But if only part of this development programme materialised TW would make a spectacular break with the relatively passive development stance it has maintained since 1974.

Overseas properties, which chipped in 58 per cent of 1977's £6.6m net rents, could show a patchy contribution to the 1978 revaluation. The falling Canadian Dollar will have clipped most of the rise in values from TW's 51 per cent stake in the locally quoted Monarch Investments; the fast growing United States activities are still too new to be fair material for forecasting; the remaining Australian holdings could be worth £7m against a book value of £5.7m; and the 170,000 sq ft Arts-Loi block in Brussels, now earning £1.7m rent a year, could justify a £5.5m surplus on its £10.5m book value.

Scrimgeour sees the overall effect as a rise in a value of TW's portfolio from a (1973 and at cost) book worth of £89.7m., to £110m gross, £93m net. And that adds up to an 89p leap in net property assets a share. Even discounting any improvement in the rest of TW's business since 1977, such a revaluation would boost group assets per share to 580p, 157p above the share price.

In Brief . . .

STANLEY HONEYMAN, English Property Corporation's chairman and chief executive, compares himself to a batsman, padded and ready to drive N V Beleggingsmaatschappij Wereldhave's 37p a share bid out of sight. But it will be a week or more before the market gets the chance to see Mr. Honeyman in action. The Dutch bidder and Morgan Grenfell, its adviser, are expected to take that time to render down the mass of information they have accumulated on EPC into an understandable offer document.

Wereldhave's first shot in support of its £40.4m cash bid looks certain to be an analytical attack on EPC's accounts, and an embarrassingly explicit parade of the British group's remaining development commitments. But EPC holds a trump card in this first round with its power to commission a portfolio revaluation, an option it looks certain to exercise.

What then? Well, the stockmarket appears to be settling down for a lengthy and heated bid battle between Morgan Grenfell and EPC's champion, Samuel Montagu. As long as EPC's shares, and the Canadian quoted Trizec Corporation's stock remain out of reach of Wereldhave's offer by just a hairsbreadth, shareholders may as well stay for the fight.

Property Deals appears on Page 9

هكذا من الأجل

PROPERTY DEALS

Shrinking space

AVAILABLE office space in the City of London has fallen to its lowest level for 3½ years according to Richard Saunders and Partners' latest floorspace review. For the first time since mid-1975 there are less than 4m square feet of offices on the market, with 1.73m square feet in the central area and 2.1m square feet in the City "fringe" areas. Despite a marked slowdown in lettings in December, the take-up rate for City offices remained high in the second half of the year. Between June and December a monthly average of 189,000 square feet of offices were taken off the market in the central area, and 184,000 square feet in the "fringe."

●

FLUOR, the U.S. engineering group that released 180,000 sq feet of City and West End offices following its £3m a year letting of British Rail's Euston Centre last year, is now ready to carry out its secondary office reshuffle in Manchester. Fluor, advised by City agents White Druce and Brown, recently completed the purchase of the former Coldstream House block in Trafford and will be moving its staff from a net 59,500 sq feet of Peel House in Eccles. White Druce and Brown and leading Manchester agents Dunlop Heywood are now offering the remaining 15 years of Fluor's lease on the space for £120,000 a year, just under £2 a sq foot.

Peel House, started by Morsyn Development of Norwich in the early 1970's and completed by the developer's banks, lies at the start of the M602 link road that joins Manchester to the M62 and main M6 motorways.

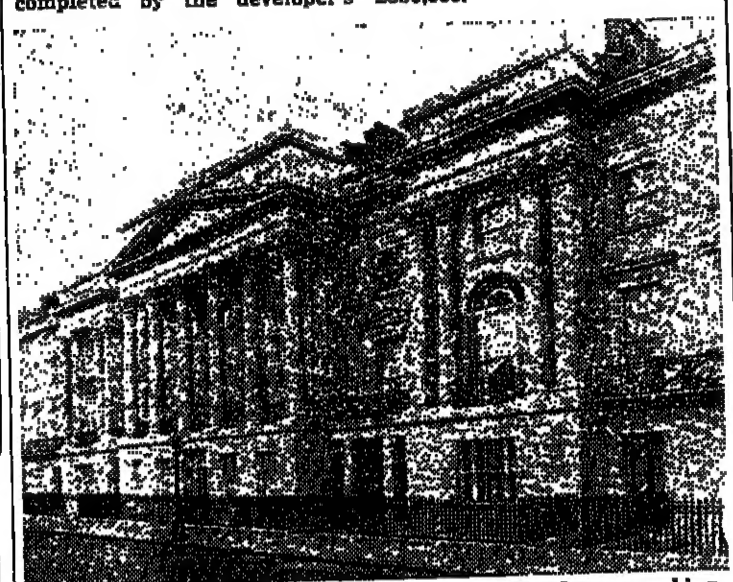
Back in the City it is believed that Fluor now has a firm offer for the largest of its surplus buildings, the 69,250 sq ft Finwell House at 26 Finsbury Square, EC2.

●

BRITISH LAND agreed to a rental guarantee on its part-empty 96,800 square feet "Les Trois Fontaines" office scheme at Cergy Pontoise as part of its FFr 26m (£3m) sale to a consortium of French institutions. The sale, agreed in the summer, gave the four investing funds a return of around 10 per cent on the then 70 per cent let block, which was renting for between FFr 330 and FFr 340 a square metre. Commercial space in Cergy Pontoise, one of the five new towns arranged around Paris, is now being occupied steadily as is the remaining space in British Land's block. Weatherall Green and Smith, and Richard Ellis acted for the group, which sold to a holding company set up by the French funds in a direct co-ownership arrangement where each of the four investors has taken an exact quarter of the block in terms of yield, covenant, and bricks and mortar.

●

● SPILLERS is understood to have sold its former bakery site on the Maindy Road, Cardiff, to the motor components group Bearmach (London). The 62,750 sq ft of industrial buildings, marketed by Debenham Tewson and Chinnocks, raised £350,000.



Cornwall Terrace, an 80,000 sq. ft., £3m refurbishment gamble for the Crown Estate Commissioners in conjunction with Haslemere Estates has paid off handsomely. When refurbishment work was completed 18 months ago Edward Erdman's £10 a sq. ft. asking rents were £2 a sq. ft. above the market rate for the Regents Park area. But the market moved into line with the asking price and, after a first letting at just under £10 a sq. ft. in November, 1977, the Crown and Haslemere have now let all but 10,900 sq. ft. of the offices at up to £11 a sq. ft., the new asking rent.

The Crown has been rather fussy about the tenants for its building, which is one of the key parts of the processional route designed by Nash for the Prince Regent at the beginning of the last century which forms the architectural link between the Regent's London home at Carlton House, St. James's and his "new" Regent's Park on Marylebone Fields. Current occupants include British Land, and Unigate.

JB

APPOINTMENTS

Senior changes at Barclays Bank

Mr. H. U. A. Lambert, who next month succeeds Mr. Anthony Tuke as chairman of Barclays Bank International, will from the same date become also a deputy chairman of BARCLAYS BANK. He has been a vice-chairman since 1973. As already announced, Mr. Tuke will continue as chairman of the Barclays Group and a director of BBI. Mr. Douglas Horner, at present Barclays' senior general manager, becomes a vice-chairman of Barclays Bank UK Management. He remains a director of Barclays Bank and will be succeeded as senior general manager by Mr. Roy Vine. Mr. Vine becomes also a director of Barclays Bank and is succeeded as general manager (staff) by Mr. Robert Sale.

★

Mr. J. D. Bence, formerly marketing director of MacMILLAN BLOEDEL CONTAINERS, has been appointed managing director succeeding Mr. R. Adamson on his retirement. Mr. Denis Johnson becomes director of marketing and Mr. Mike Senior director of personnel and join the Board. Mr. Adamson will remain on the Board in a non-executive capacity.

★

Mr. H. N. Sporborg has retired from the Board of THORN ELECTRICAL INDUSTRIES.

★

Miss Tina Leong has been appointed company secretary and financial manager of NIMSLO.

★

Mr. David H. Probert, group finance director of W. Canning, has been appointed chairman of HIRD BROWN.

★

Mr. J. H. White, staff director of sales and marketing, and Mr. K. J. Bateman, company secretary, have been appointed to the Board of ARMSTRONG EQUIPMENT.

★

Mr. Jack R. Jessen, vice president, has been made European representative for the UNION COMMERCE BANK in London.

★

Mr. Colin Hope has been appointed director, DUNLOP UK TYRE GROUP in succession to Mr. Ray Nairn, and will take up his new position, based at Fort Dunlop, Birmingham, on February 1. Mr. Nairn will be moving to London to carry out special assignments for Sir Campbell Fraser, chairman of Dunlop Holdings. Both Mr. Nairn and Mr. Hope are directors of Dunlop Limited, the European operating company of the Dunlop Group.

Mr. Colin Hope

★

Mr. J. M. F. Dibben, joint managing director of UBM GROUP, has for personal reasons resigned his office and has left the Board. He will continue to be employed by the company until such time as he has completed outstanding commitments. Mr. M. G. Phillips, chairman and joint managing director, has been appointed sole managing director whilst continuing as chairman. Mr. J. Miller has been appointed chairman of the merchanting division with executive responsibility for all UK builders' merchanting activities. He will continue with his group buying and marketing responsibilities. Mr. F. Brooksbank has been appointed director responsible for the glass division.

★

Sir George Bishop is retiring as chairman of BOOKER McCONNELL after the annual meeting in May 1979. The Board intends to elect Mr. M. H. Caine, at present vice-chairman and chief executive, to succeed him. Mr. Caine will then combine the office of chairman with that of chief executive. Sir George will remain on the Board in a part-time and non-executive capacity for the next two or three years.

Men and Matters Page 14

★

Philippa Harrison and Mr. Peter Carson have been appointed joint editors-in-chief for PENGUIN BOOKS, Philippa Harrison for adult fiction and Mr. Carson for adult non-fiction.

Mr. Alan Jamieson, at present chief education officer with the BBC, has been appointed senior commissioning editor for Puffin Books.

★

Mr. Fred Bartlett has joined the board of DAVID DIXON AND SON HOLDINGS.

★

NATIONAL CARRIERS has appointed the following regional managing directors: Mr. John Parslow, Southern; Mr. Doug Moore, Eastern; Mr. Geoff Wright, Midlands; Mr. Roy Ledward, North East; Mr. Alan Morris, North West; Mr. Joe Flannery, Western; and Mr. Bill Glenroy, Scotland.

★

BRITANNIC ASSURANCE COMPANY states that Mr. D. Hamilton Shaw will retire from the Board on April 27 and Mr. R. J. G. Williams will be appointed vice-chairman in his place. At the annual meeting on that date resolutions will be proposed that Mr. J. A. Jefferson, Mr. B. H. Shaw, and Mr. D. Routledge be appointed directors of the company. Mr. N. F. Carroll will relinquish his position as general manager on July 31 but will continue as a non-executive director. Mr. Jefferson and Mr. Shaw will become general managers from August 1.

★

Mr. Frank W. Knight has become chairman of CAMPBELL'S COUPS in place of Mr. John R. Morris who returns to the U.S. to take up a new position.

Mr. F. W. Knight

★

Mr. J. P. R. Brown has been appointed finance director of the ANGLO-THAI CORPORATION.

★

Mr. W. R. Reid, executive director of Tube Heating, Cementation Mining, part of the Trafalgar House Group, has been appointed chairman of the PIPE JACKING ASSOCIATION in succession to Mr. J. M. Cole.

★

Mr. Ian D. MacLeod has been appointed group company secretary of BARRATT DEVELOPMENTS and Mr. Michael C. Chapman joins as deputy group accountant.

★

Mr. N. E. Watkins has been elected financial director of HARRINGTON AUSTIN, Lloyd's Insurance Brokers. He was previously company secretary and chief accountant.

★

Mr. A. T. Riddle has been made works director of BRIDGE GRAPHICS, a subsidiary of Watmoughs (Holdings).

★

Mr. R. E. Heskell has been made a director of ROCHE PRODUCTS with the title of director of pharma production.

★

Mr. David Harries has been appointed editor of AIRPORT NEWS, the fortnightly newspaper of the British Airports Authority. He succeeds Mr. Charles Eldred-Evans, who has become BAA's publications manager.

★

Mr. Graham Holland has been appointed to the Board of BRYANT HOMES, a part of Bryant Holdings.

★

Mr. G. L. Hayward has been appointed managing director of E. G. HUDSON.

★

Mr. H. M. Priestley has been appointed a director of ELECTRIC AND GENERAL INVESTMENT COMPANY. Mr. P. B. A. Keller has resigned as a director, but will continue as adviser to the managers, Henderson Administration.

★

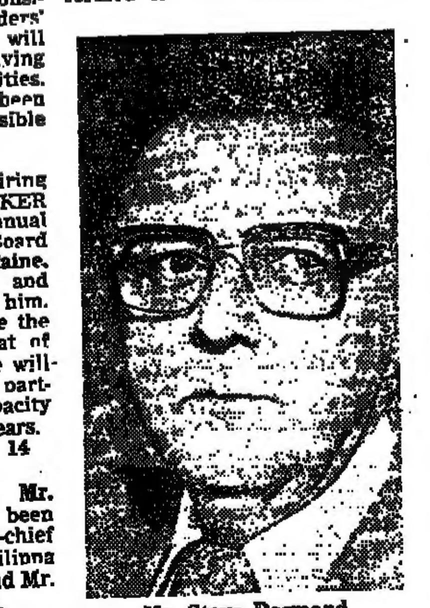
Mr. John Seymour, managing director of MONO CONTAINERS (UK), has been elected chairman and managing director of VERINGMEIERHOLDINGS B.V. APELDOORN, Holland.

★

Mr. Thomas S. Donohue has joined DATA GENERAL as controller for the UK and Eire.

★

Mr. Steve Desmond, has become managing director of CHICOPEE, which was recently formed to take over the manufacturing of non-woven fabric and the responsibilities of Johnson and Johnson's industrial division.



Mr. Steve Desmond

★

Mr. Robert Ernest Wagland, head of the research and development department, has been appointed to the Board of OZALID (UK).

★

Mr. P. E. Gough, a director of Muirhead, has been appointed deputy managing director. He will act jointly in that capacity with Mr. E. G. Atkins who has been deputy managing director since January 1976.

★

Mr. Stephen White becomes publishing director—college division — of HOLT-SAUNDERS on January 15.

★

Mr. A. R. V. Belcher has been appointed a local director of SINGER AND FRIEDLANDER.

BOND DRAWINGS

COURTAULDS INTERNATIONAL FINANCE N.V.
9% GUARANTEED LOAN DUE 1982
UNCONDITIONALLY GUARANTEED BY COURTAULDS LIMITED

NOTICE IS HEREBY GIVEN that pursuant to condition 5 of the terms and conditions of the Loan and Clause 2 of the Trust Deed dated as of the 28th day of January, 1970, between Courtaulds International Finance N.V., "the Company," Courtaulds Limited, "the Guarantor," Lloyds Bank Limited, "the Trustee," the Bonds bearing the following serial numbers have been drawn for redemption on the 1st February, 1979 by operation of the Sinking Fund at the redemption price of 100% of the principal amount thereof. The redemption payment of each Bond drawn for redemption will become due and payable on 1st February, 1979. Interest on such Bonds will cease to accrue on or after such date.

15	31	32	35	41	44	69	74	75	81	85	89
91	97	106	109	143	147	156	160	189	203	214	221
231	233	237	248	255	256	266	283	306	339	341	352
353	354	361	362	363	380	410	412	414	415	432	441
460	484	487	502	514	532	535	539	541	552	553	565
570	571	590	596	600	667	672	678	679	712	730	739
787	793	804	805	810	813	815	819	828	842	858	882
887	889	899	901	910	923	933	943	947	951	960	963
975	992	1002	1003	1006	1008	1021	1033	1037	1038	1039	1058
1060	1063	1074	1090	1096	1108	1114	1129	1154	1162	1181	1185
1186	1188	1198	1209	1211	1240	1242	1248	1257	1267	1303	1313
1336	1354	1360	1418	1443	1444	1469	1482	1487	1490	1497	1512
1516	1531	1549	1550	1554	1569	1588	1593	1605	1620	1626	1629
1632	1642	1656	1678	1730	1733	1755	1806	1841	1890	1901	1904
1941	1949	1952	1956	1965	1966	1986	1987	1998	2005	2006	2011
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

The above numbered Bonds will be redeemed at the principal offices of Chemical Bank, 20, Pine Street, New York, N.Y. 10015, U.S.A.; Deutsche Bank A.G., Junghofstrasse 5-11, Frankfurt am Main, Germany; Credit Lyonnais, 19 Boulevard des Italiens, Paris, France; Kredietbank N.V., 7 rue d'Arenberg, Brussels, Belgium; and Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg, upon surrender of such Bonds for payment.

CHEMICAL BANK on behalf of
COURTAULDS INTERNATIONAL FINANCE N.V.

Dated 5th January, 1979

NOTICE

The following Bonds previously called for redemption have not as yet been presented for payment:

323	340	344	713	726	816	817	830	873	897	940	941
949	950	978	1269	1310	1312	1347	1438	1451	1670	1742	1763
1610	1929	1943	1947	2236	2259	2269	2407	3110	3135	3137	3139
3199	3200	3414	3736	3815	3897	4003	4277	4279	4266	4288	4250
4310	4365	4370	4372	4376	4455	5438	5574	5575	5814	5824	6438
6229	6590	7674	7678	8017	8036	8115	8132	8133	8134	8301	8306
8307	8503	8677	8679	8775	9516	9658	9784	9786	9789	9794	10032
10083	10084	10087	10111	10112	10226	11772	11887	11893	11910	11923	11936
12383	12385	12401	14680	15974	15975	17082	17105	17533	17745	17747	17756
17809	17358	17672	17902	17906	17915	17930	17971	17972	17973	18029	18458
18532	18558	18573	18575	18675	18693	18698	18729	18756	18762	18792	18902
18913	18918	18926	18930	18932	19024	19200					

Nominal value of Bonds in circulation $8,739,000 (including Bonds drawn for redemption on 1st February, 1979 and Bonds not as yet presented for payment.)

LEGAL NOTICES

No. 003281 of 1978
IN THE HIGH COURT OF JUSTICE
Chancery Division
Mr. Justice Brightman
IN THE MATTER OF
BERGER, JENSON & NICHOLSON LTD.
and
IN THE MATTER OF
THE COMPANIES ACT, 1948

NOTICE IS HEREBY GIVEN that the Order of The High Court of Justice (Chancery Division) dated 18th December, 1978, confirming the REDUCTION of the CAPITAL of the above-named company from £12,000,000 to £11,000,000 and the Minute approved by the Court showing with respect to the capital of the company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 21st December, 1978.

Dated this 21st day of December 1978.
HERBERT SMITH & CO.,
62 London Wall,
London EC2R 7JP.
Solicitors.

IN THE MATTER OF
COMMODEX ELECTRONICS LIMITED
and
IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required on or before the 15th day of January 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Leonard Cyril Curtis FCA of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 14th day of December 1978.
LEONARD CYRIL CURTIS, FCA.
LESLIE JOHN HARRIES RAULCH, FCCA.
Joint Liquidators.

IN THE MATTER OF
GEORGE HYAMS LIMITED
and in the Matter of The Companies Act, 1948. Notice is hereby given that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 22nd day of January, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Phillip Monjack, FCA, of 3-4 Bentinck Street, London W1M 6JE the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 22nd day of December, 1978.

PHILLIP MONJACK, F.C.A., Liquidator.

THE COMPANIES ACTS 1948 TO 1976
DAGENHAM PLANT HIRE LIMITED

Notice is hereby given, pursuant to section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4, Bentinck Street, London W1A 3BA on Friday, the 5th day of January, 1979 at 2.30 o'clock in the afternoon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 20th day of December, 1978.

By Order of the Board.
DAVID GALSWORTHY, Director

THE COMPANIES ACTS 1948 TO 1976
ROSE HOME IMPROVEMENTS
LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA on Wednesday, the 10th day of January 1979, at 12 o'clock for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 19th day of December, 1978.

By Order of the Board.
A. E. ROSE, Director

PERSONAL

AIESEC Meeting to be held shortly of U K resident graduates who participated in AIESEC activities. For invitation please send your name, address and telephone number to AIESEC, 43, Dorset Street, London, W.1.

CLUBS

EVE, 189, Regent Street, 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London, W.1.
NEW STRIPTEASE FLOORSHOW
"AS YOU LIKE IT"
11-3.30 am. Show at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

PUBLIC NOTICES

BLACKPOOL CORPORATION
£1.1m Bills, issued 4.1.79, maturing 5.4.79, at 11¹¹⁄₁₆%. Total applications £6.9m. Bills outstanding £1.1m.

BUCKINGHAMSHIRE COUNTY COUNCIL
The Buckinghamshire County Council issued on 4th January, 1979, £6m Bills due 5th April, 1979. Applications totalled £55m. Half the issue was made at 11 51-64% and the remainder at 11¹³⁄₁₆%. There are no other Bills outstanding.

CITY OF NOTTINGHAM
£1.5m Bills, issued 3.1.79, maturing 4.4.79, at 11½%. Total applications £7.5m. Bills outstanding £1.5m.

CLWYD COUNTY COUNCIL BILLS
£1,000,000 Bills, issued 2.1.79, maturing 3.4.79 at 11¹³⁄₁₆%. Applications totalled £4,250,000 and there are £3,000,000 Bills outstanding.

GRAVESHAM BOROUGH COUNCIL BILLS
£500,000 Bills, issued 3.1.79, maturing 4.4.79, at 11 53-64%. Applications totalled £3,500,000 and there are £500,000 Bills outstanding.

HAMPSHIRE COUNTY COUNCIL
£10m Bills, issued 3.1.79, maturing 4.4.79, at 11 49-64%. Total applications £65m. Bills outstanding £30.5m.

PLYMOUTH CITY COUNCIL
£0.5m Bills, issued 3rd January, 1979, due 4th April, 1979, at 11¾%. Total applications £5m. Bills outstanding £0.5m.

STOKE-ON-TRENT DISTRICT COUNCIL BILLS
£900,000 Bills, issued 3.1.79, maturing 4.4.79, at 11 53-64%. Applications totalled £4,500,000 and there are £900,000 Bills outstanding.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SHIPPING

Running a ship

DYNAMIC training simulator equipment for diesel engine plant operation has been taken into service at Trondheim Maritime College in Norway.

The simulator is of realistic design and a set of dynamic models representing the various processes in the plant is its "heart" while a sound generating system animates the plant by giving a continuously true sound picture of the machinery in all operating conditions.

The instructor can alter the behaviour of the process computer models by introducing faults in components and in subsystems, thus obtaining a realistic running of a ship's machinery with normal malfunctions and wear. The process models communicate with a modern control and automation system installed in an "engine control room."

The "machinery space" is built up from individual panels representing the main machinery components, and the "bridge" which also acts as instructor's console with advanced communication facilities, is equipped with a modern main engine remote control. The simulator plant can be adjusted to meet any specific plant requirements.

More than 400 faults can be set by the instructor, and it is up to the trainee to find and correct the faults by analysing the process reactions and by checking the state of the controlled components.

Ballast is cast

READY MIXED cold castable ballast, Ballast Pak, has been developed for internal keels by Barton Abrasives—the UK's major producer of iron abrasives.

Approved by Lloyd's Register of Shipping for use in keel weights under its quality approved scheme for yacht materials and fittings (Lloyd's Register Certificate YSC/QC111) this new ballast system involves the simple mixing of iron shot and non-exothermic resin adhesive in a concrete mixer. The combined substances are then poured into the keel cavity. The fluid consistency enables the ballast to flow easily into the most inaccessible areas. In four hours the ballast is set in a non-brittle, tough, waterproof, solid mass with a density of 340-350 lbs per cu. ft.

Ballast Pak is especially suitable for fibreglass boats, since the absence of heat evolution during hardening allows heavy sections to be cast without risk of damage to hulls. Ballast corrosion has also been eliminated as the resin provides a waterproof coating to each iron shot particle.

It costs approximately 30 per cent less than the equivalent iron casting.

Although developed initially for the boatbuilding industry, it is equally suitable for any ballasting application, particularly involving plastics. There is no heat evolution during setting and it can be cast into complex shapes easily.

Barton Abrasives, Bagnall Street, Great Bridge, Tipton. DY4 7BS. 021557 9441.

Structural design

DESK-TOP computer programs forming part of Lloyd's Register's Plan Appraisal Systems for Ships (LR PASS) are stated to be now available for processing on the Hewlett Packard No. 9845S computer. Programs have already been leased to five clients in Denmark—Aalborg shipyard, Burmeister and Wain shipyards, Elsinore shipyard, Frederikshavn Vaerft and Knud E. Hansen ApS, and one in Finland—Hollming Oy.

Within "LR PASS" there are 30 programs based on the Rule requirements for ship structures, and 20 programs which enable direct calculations to be carried out for such items as longitudinal strength, grillage and frame analysis, buckling, sloshing, section properties, vibration, cargo gear analysis, hydrodynamic loading and hull girder torsion.

Details of "LR PASS" programs may be obtained from local Lloyd's Register offices or frfom The Secretary (Ref TSG/R-209), Lloyd's Register of Shipping, 71 Fenchurch Street, London, EC3M 4BS.

Makes steering safer

PLEASURE CRAFT users are offered a four unit autopilot system, which can be seen now at the Boat Show, by Decca Navigator Company, Decca House, 9 Albert Embankment, London SE1 7SW (01-735 8111).

Designed specifically for the boat market, it consists of: a lightweight sensing unit (complete with correctors) which can be mounted in any suitable position; autopilot control unit (tested to successfully cope with toughest environments) which is simple to operate and able to be mounted on a console, bulkhead or deckhead, simple electronic/junction box, and ⅛ horsepower mechanical drive unit said to be tough enough to control the rudder of most craft up to 45 feet in length.

The company is also demonstrating an analogue compass repeater unit. This is designed for console or trunnion mounting and is said to be a clear-to-read ship's-head indicator particularly beneficial in craft whose compass cannot be easily seen.

The unit is connected directly into the electronic/junction box of the autopilot and as many repeaters as may be required can be fitted.

Gas turbines at sea

TWO STUDY reports are the result of a research programme to establish the potential development for gas turbines in the merchant marine environment.

Some 850 gas turbine powered ships, involving about 2,000 engines—installed or about to be installed—were investigated in order to understand the general trend of the world fleet and evaluate the demand for gas turbine propulsion.

The reports cover 500 to 5,000 kW and 5,000 to 50,000 kW and are available from Battelle-Geneva Applied Economics Centre, 7 route de Drize, 1227 Carouge-Geneva, Switzerland.

● DATA PROCESSING

Designed for industry

STEEL PLANTS, power stations and the oil industry do not provide the most ideal environments for housing computer systems. Temperatures can range from very hot to sub-zero

A microprocessor system that does not need the mollycoddling or controlled conditions and is specifically designed for industrial situations has been very carefully chosen, says Northern Engineering Industries, NEI House, Regent Centre, Newcastle upon Tyne, NE3 3SB (0632 843191).

Based on the Texas TMS 9900 family of integrated circuits, this 16-bit general purpose micro-system is known as Reypak 99 and is available from the company's Gateshead-based unit, RP Automation.

A standard double Eurocard and Rack format is employed with all interconnections at the rear facilitating an extremely simple, well screened bus structure, says the company.

Single 19-inch chassis arrangement can provide from two to 32K words of memory. Using the bus expander module, a number of chassis can be interconnected to provide a single processor system having 32K words of memory and up to 128 interface slots in which there is no configuration constraint.

The system is presently fulfilling its promise, says the company, where it is installed in atmospheres thick with steel dust and dirt and, in one particular steel plant, where it is often exposed to the elements.

● COMPONENTS

Controls the air outlets

THE ADVANTAGE of using dry wool felt in a compressor, purpose-designed for the pressure discharge of road tankers, is that it will trap almost all particles above 0.007 mm size, says Aeroquip (UK), PO Box 29, Studley Road, Redditch, Worcs. B98 7HQ (Redditch 20292).

The compressor incorporates seals manufactured to Hammond Engineering's specification by Aeroquip's seals division. This design consists of a steel cage with a felt insert.

Seals are fitted on to the shaft between the body and the inside bearing housing, effectively and economically sealing the compressor chamber from the outside atmosphere.

Once fitted (two to each machine) the seals are run in so that a certain amount of felt is worn down, giving a pre-set clearance. Thus, each seal acts as a throttling device, controlling the volume of air that escapes while cutting down any preventing the compressor from over-heating.
drag on the shaft itself and

In addition, the company's Viton seals are used to retain grease in the bearings which are remote from the compression chamber. Viton is a fluoro-carbon elastomer which has a wide working temperature range and good chemical resistance.

● AVIATION

A warning to choppers

FOR HELICOPTERS—particularly during night flights—is a warning system which flashes a light and sounds an alarm if another 'copter or aeroplane should approach too closely.

The system is connected to the altimeter of the craft. It also processes the data relating to loss of height and, in mountainous areas, constantly monitors the rate of approach and distance between the helicopter and the ground, thus alerting the pilot if he should exceed the permitted limits.

It has been developed by the engineering division of Israel Industries, Lod, Israel.

● ACCOUNTING

Financial operations speeded

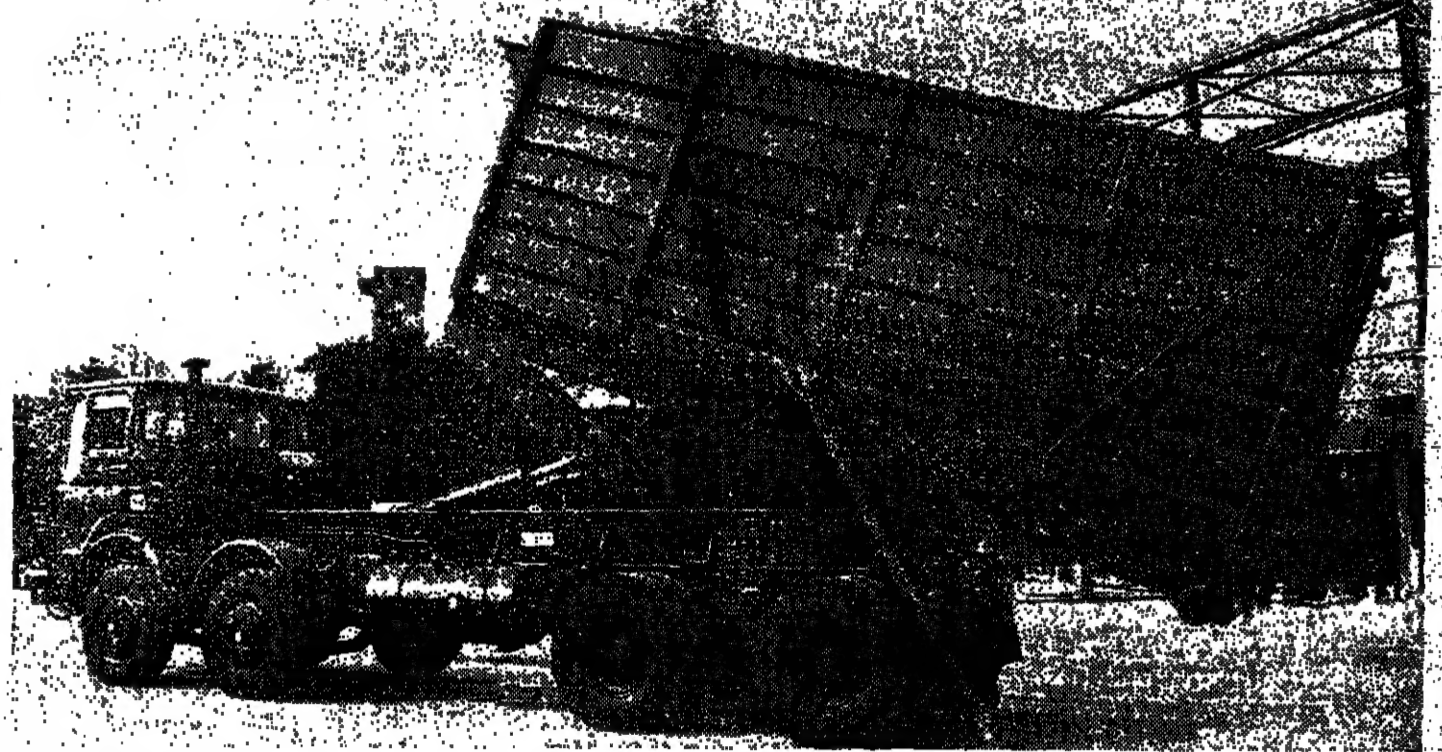
TWO computer-based systems for financial transactions are being introduced by Plessey Communications and Data Systems of Poole, Dorset.

For banks and other financial institutions there is System 90, and for remote banking services in retail outlets at the point of sale there is the Plessey Financial Transaction Terminal System (FTT). The two systems work together or independently.

The average operation will be completed in less than one minute, it is claimed. This includes the feeding-in of all the transaction information, the customer personal identification number (PIN), and the actual printout of the transaction in a passbook or on a receipt or other form.

Plessey says that what the customer will see with either system, though they need not be used together, will be a small terminal on the teller's side or the clerk's side of the window or desk. On his side, the customer may have a small keypad on which he keys in his personal identification number, known only to him. Where this device is used, no transaction can be completed without customer participation.

Thus, it is stated, credit cards achieve greater security as no other person will know the PIN.



The Boughton Group has introduced a 30-ton hydraulic handling system which when installed on a road-vehicle chassis enables that one vehicle to be used for several purposes—as a machinery carrier, tipper, flat-bed or container handler. The unit can also be used to load and unload its own trailer. Picking up from ground level, tipping, exchanging loads or changing bodies is controlled by the driver from his cab. Boughton has its headquarters at Bell Lane, Amersham, Bucks. (02404 4411).

● PROCESSES

Pig iron made cheaper

THE DECISION to build an industrial production unit for the production of pig iron by a two stage reduction of concentrates with coal (known as the Elred Process) may be implemented in the near future, says ASEA, Villiers House, 41 Strand, London WC2N 5JX (01-930 5411).

Since 1972, the company, in conjunction with Stora Kopparberg, also of Sweden, has been working on a joint development project resulting in this process whose feature is that both the concentrates and the coal can be used directly, without pretreatment in sintering plants and coking plants.

The flue gases generated in the system can be used for power production through the medium of gas or steam turbines. As a result, the process covers its own electricity requirements and can also supply a small surplus to the national grid.

In addition, says the company, investment costs for an Elred plant will be lower than the total costs for a coking plant, sintering plant and blast furnace. A technical advantage is that iron ore concentrates with a highly phosphorous content can also be used in the process.

Both operating and capital costs will be less than those for conventional pig-iron production methods, and it is claimed that the process will make it possible to produce pig iron at about 20 per cent more cheaply than in a modern blast furnace.

The two stages consist of prereduction and smelt reduction. In order to extend the scope of the development work, a test plant was completed in Västerås in 1976.

In a parallel project, ASEA has developed a d.c. arc furnace for melting scrap—this also has proved to be suitable for use in the process.

● SAFETY

Cartridge helps kill fires

FIRE EXTINGUISHERS which incorporate a squeeze grip control so that the operator can regulate the discharge of the extinguishing medium, are to be marketed in the UK and Europe by L and G Fire Protection.

Constructed to the latest British Standard 5423, the range is gas cartridge operated and is available in two forms: Model WAC/9, a 9 litre water extinguisher, and Model LWF/9, which is a 9 litre foam extinguisher, charged with the latest light water aqueous film forming foam (AFFF) ideal for use on Class B fires. Hydrocarbon fires of up to 80 sq ft in area have been extinguished with one 2 gallon foam appliance. In addition, the strong wetting action of the medium makes it an effective control for Class A fires—particularly for baled fibres.

Discharge regulation is made possible by a control valve incorporated in the head cap assembly, which operates horizontally and incorporates a pressure seat which can be removed without dismantling the head cap, thereby allowing on the job servicing.

A tamper proof discharge telltale indicates when the extinguisher has been used. This has to be reset on recharging the unit. A pressure-regulating system safeguards over-pressurisation of the extinguisher should it be accidentally over-filled.

L and G Fire Protection, 270 Romford Road, Forest Gate, London E7. 01-555 1311.

● SECURITY

Eye-spy kit easy to use

PHOTON Security Services, Croydon - based surveillance video system specialist, is offering a new method of complex video switching, for multi camera/monitor installations.

The system is based on CMOS logic switching, and can handle up to 32 cameras in standard form, via a remote processing unit.

Any number of monitor outlets can receive any picture on a desktop monitor/console, with automatic (variable dwell time) sequential or manual selection. Any picture(s) can be temporarily or permanently removed from the sequence, by a user operated "skip switch."

The console is fed by a single coaxial cable and miniature control cable, thereby cutting out the extensive cabling usually required, and reducing the associated labour costs.

It is expected that the system will be especially suited to office environments, as the monitor/console unit uses less than 1 sq ft of desk space.

First installation of the equipment was recently completed at the head office and warehouse of the Gladesmore (Peter Brown Menswear) group of companies, using a 16 camera 8 monitor system.

Further from Photon Security Services, 160 Selsdon Road, South Croydon, Surrey CR2 6PJ (01-681 0423).

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Spain's opening shot at a new policy on lame ducks

Robert Graham on the rescue of Babcock and Wilcox Espanola

ONE OF the messages that the Spanish Government has constantly sought to convey to industrialists is that the Franco era's policy of crude interventionism is dead. This has been a central element of its industrial policy.

At first everyone took this with a pinch of salt. People argued that the seriousness of the recession would force the government to make exceptions and that ailing industrial companies in strategic sectors would be bailed out by the state.

Well, the sceptics have been confounded. In a test case over the fate of the country's leading capital goods producer, Babcock and Wilcox Espanola, which declared a *debt moratorium* last February, the government has done a dextrous dance and come up with a new formula for dealing with lame ducks. The case has been of added interest and political dimension because of Babcock's location in the Basque country.

The formula commits the state in an important way. The government's official credit institute (ICO) will provide cheap funds for capital needs and a subsidiary of the state holding company, INI, will take up a large slice of new equity.

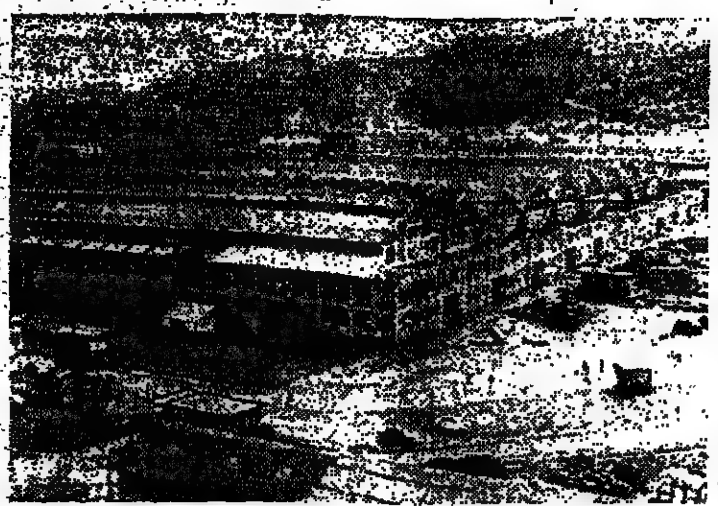
But against this existing shareholders, creditors and the workforce are all having to make what are termed "mutual sacrifices" — the shareholders are writing-off two-thirds of existing equity, the creditors are writing off 30 per cent of outstanding debt, and the workforce has agreed to substantial cuts.

Under the old interventionist policy there would have been no such involvement of all the parties concerned; more than likely the solution would have been the state acquiring only the loss-making parts of the company, so making its future viability doubtful. As it is, the company is basically being kept intact.

The Ministry of Industry hopes that the new formula will not prove particular to Babcock. Indeed, in a modified form it is already being applied to the restructuring of the weakest of the three Spanish integrated steel companies, Altos Hornos Del Mediterraneo (AHM).

The state is buying into AHM, and is eventually to acquire 100 per cent control. By buying phased control it is making the existing shareholders bear part of the responsibility for the losses incurred in 1978. The essential point, officials say, is not that the State is willing to let strategic companies collapse, rather that to keep them alive responsibility has to be shared.

The fate of Babcock is a good example of an apparently healthy company suddenly undermined, masked by increased competition and heavy recession. The company was founded in 1918 by Spanish shareholders, and its international parent, British Babcock, which took 10 per cent of the equity. Its Bilbao plant was a pioneer in introducing what was then very new technology to Spain. It was also the first industrial concern to establish an apprentice school.



Part of Babcock and Wilcox's factory in Bilbao.

The company has two product divisions — capital goods, and tube and pipe manufacture. On the capital goods side Babcock produces a variety of boilers and boiler components, mechanical handling equipment (including cranes), railway equipment, locomotive plate work, vessels and reactors, nuclear components and desalination plants.

The company's strength seemed firmly rooted in the fast expanding domestic economy of the late fifties and sixties, when protectionist laws cushioned competition. It therefore did not matter that the company had such a large product range.

Unfortunately, like a lot of other industrial concerns, the management was slow to appreciate the seriousness of the 1973 oil price rises and draw the appropriate conclusions from the beginnings of a domestic recession in 1974. Orders in that year were at an all time high of Pta 12bn (£85m). By the end of 1977 orders had fallen to 60 per cent of this and the company was making a Pta 2.5bn (£18.5m) loss.

Babcock's main problem was that its involvement was precisely in those sectors most seriously affected by the recession—large capital spending projects which either became delayed or postponed. This was especially the case with the plan for nuclear power plant construction which was effectively frozen in mid-1977, pending the elaboration of a new ten-year national energy plan.

Dilatory

By 1976 Babcock had a negative cash flow position, and once the recession began to hit new industrial investment it was caught in a vicious circle. Sales declined, production capacity became idle, yet it was obliged by the intricacies of Spanish labour law to sustain a workforce of over 5,200 and finance foreign exchange losses on the July, 1977, peseta devaluation, as well as finding increasingly expensive new credit to meet outstanding obligations.

Luis Miguel Pariza, one of the main trade union officials involved, maintains that an early resolution of Babcock's problems was hindered by the fact that trades unions were still banned organisations when the trouble started. They were only legalised in April 1977 and this meant that management-labour relations had to go through a process of major readjustment just when the situation needed to be stable. Matters were not helped by the company defaulting on wage payments for almost four months from August 1977, which led to strikes and considerable bitterness.

Both management and unions appealed to the Government to intervene in the Summer of 1977. Subsequently much blame was attached to the Government for its dilatoriness which led, according to its critics, to the company's suspension of payments in February 1978.

This is a peculiarly Spanish device, whereby a company applies to the courts for permission to declare a debt moratorium. If granted, the court then specifies a period of time during which the company must sort out its finances. The difference between this and bankruptcy is that the debt moratorium is granted on the basis of the company's net assets being greater than its total debts. In Babcock's case there were total debts of Pts. 15.9bn (£113m)—but in order to ensure that it was not technically bankrupt, it had to increase the net book value of its assets (most Spanish companies undervalue their assets for fiscal reasons and as a result of conservative accountancy practices).

Although the Government was dilatory, it was genuinely afraid of putting a foot wrong. It did not wish to go for outright nationalisation because such a move would have aroused too much controversy in the powerful private sector. Equally, it wanted to see whether Babcock's management could reach a solution without government help.

Management did seek such a solution involving the breaking up of the company—selling off the profitable pipe- and tube-making operation to Mannesmann and then offering the loss-making capital goods side to the State. This produced immediate protests from the trades unions who insisted that the company remain intact.

To this end, they collected 50,000 signatures in the Basque province of Vizcaya, including all the political parties, supporting the survival of the company. This obliged the Government to step in, if for no other reason than that the issue had become politically explosive in an already volatile province.

By early summer the broad lines of an agreement had been established: it was enormously complex because it involved five different groups of interests — the workers, the creditors, the old shareholders, new prospective shareholders, and the Government. "Our main aim was to save the factory; our next consideration was jobs," says Pariza. This realistic view by the unions, in one of the most politicised factories in Spain, was a key factor in the successful compromise.

From a workforce of 5,250 at the beginning of the crisis, the pruned size will be around 4,000. Of these some 500 have already left. The remainder will go through early retirement (at 58) or through golden handshakes calculated on the basis of one month's salary per year served. In return they have accepted a new deal which should raise productivity by 30 per cent.

The creditors, of which there were over 4,000, proved harder to deal with. They included suppliers, banks and government bodies like the social security organisation and the Ministry of Finance (tax). The latter, who accounted for some 30 per cent of outstanding debt, had a special lien on the company and priority claims. But these were the parties which could most afford to wait.

There were over 20 foreign banks involved in two main consortia, one led by the Bank of America, accounting for almost 15 per cent of total debt. They were afraid they might be squeezed in priority by the local banks.

The solution in the end was that creditors were offered a 60 per cent debt write-off against payment of the remainder in six months, or a 30 per cent debt write-off and 70 per cent payable over 10 years. This was accepted in principle in November and this week was formally approved by over two-thirds of the creditors — the legal requirement.

Meanwhile company sources insist that there has been no deal with the Government to write-off tax and social security debts, other than rolling them over.

As for the 8,400 existing shareholders, who include savings banks and the Banco de Vizcaya, which has 8 per cent, they have agreed on a capital write-down from Pta 999m to Pta 272m. This has already been done, and a new Pta 2.45bn capital increase is being floated.

Most shareholders will waive their options—like British Babcock, whose holding will fall to 1 per cent. New shareholders representing financial institutions, steel companies and capital goods concerns will take the rest, so linking industry as a whole to Babcock's future.

Of the new capital, almost 60 per cent is expected to come from Equipos Nucleares. This is now an INI-controlled company making heavy components for the nuclear steam supply system which Babcock helped to set up and in which it retains a 26 per cent stake.

This will therefore bring representatives on to the new Board from INI, which will have an important future say in Babcock. For its part, the Government will help inject new cash through a Pta 2bn (£14m) soft credit.

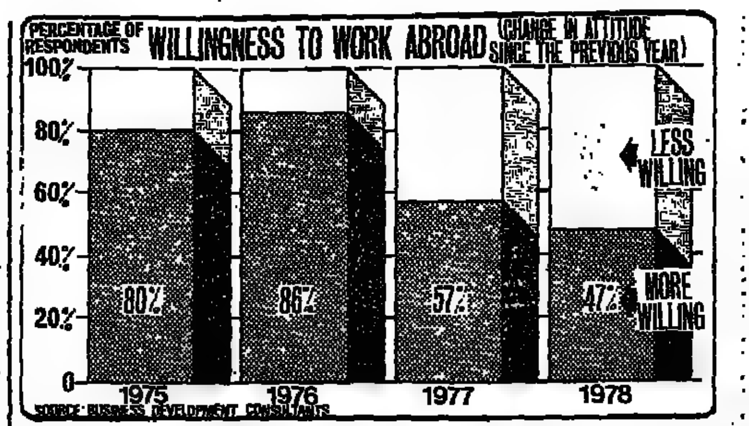
Viability

So much energy has been absorbed by this lengthy solution that few people have stopped to consider the company's chances of future viability. Existing debts have been cut by approximately Pta 2bn, but the high cost of credit and the continued recession could have a serious negative impact on the restructured organisation, which is currently working short time (employees work one week on/one week off). Orders show no sign of picking up in the capital goods sector.

The company also suffers financially from the Spanish practice of capital goods manufacturers having to help find financial guarantees for purchases of their products.

Moreover, management cannot operate effectively until a new Board is appointed. The unions claim to be running the show at the moment. For instance, it is they who took the initiative and went to INI to insist that it give as much of its future business as possible to Babcock—an assurance INI has given.

But the main source of strength (and weakness) is the Government, which, by pushing hard for the approval of the energy plan, can reactivate work on power plant construction. If this is delayed much longer, Babcock risks further financial difficulties and the possibility of being wholly taken over by the Government as a real lame duck.



Working overseas loses some of its glamour

THE SIRENS who seek to lure Britain's senior managers away from these shores were rather muted in 1978. The call of the wild—high pay, low taxes, warm climates and all the other attractions to be found overseas—is no longer so enticing to the top executive according to the latest survey* from Business Development Consultants (International).

Each year BDC, part of Minet Holdings, asks senior managers in Britain, earning, on average, more than £15,000 a year, whether they are more or less keen to work abroad. For the first time in five years more than 50 per cent of the sample have replied that they are less inclined to work overseas.

"The glamour of much overseas work has faded," explains Terence Hart Dyke, managing director of BDC. "This is partly due to managers returning prematurely or without having saved the money they had expected, and partly because of a slow down in development in some overseas areas, such as in the Middle East." The survey shows a 40 per cent drop in the popularity of the Middle East as a place of work.

Compared with 1976, the year of most apparent dissatisfaction at home, there is a radical difference. Then 86 per cent of the sample was more keen to go overseas compared with 47 per cent in 1978.

Perhaps more significant is the number of managers who have actually looked for work overseas. Only 15 per cent did so last year, compared with 18 per cent in 1977 and 27 per cent the year before that.

Not surprisingly the prime motivation among those willing to work overseas — and this has been true in each year of the survey — is for greater rewards. In 1978, 59 per cent of the sample gave this as the main reason, a proportion which has increased steadily year by year.

Comparatively few executives gave "lower taxation" as the main reason for wanting to work abroad, 21 per cent in 1978, a fall of 5 per cent on the previous year but broadly in line with the two years before that.

Inducements

But sending managers overseas can still provide headaches for companies, according to the survey. It is not that they won't go, 81 per cent of employers reported no difficulty in persuading their managers to work abroad, it is getting them back.

According to BDC 68 per cent of companies have trouble in getting managers back to the UK because of the higher net earnings that they receive abroad.

A number of companies have to resort to special inducements to encourage managers to return. In 57 per cent of the cases reviewed the companies paid above normal UK salary levels, 23 per cent, "arrange for some overseas remuneration," 18 per cent of cases continue to pay school fees, and 11 per cent continue overseas benefits.

* *Working Abroad 1978, six pages, price £10, is available from BDC (International), 26 Dorset Street, London, W1.*

Jason Crisp

LOMBARD

Europe must do better

BY JONATHAN CARR IN BONN

DO THE Western Europeans deserve to be taken seriously? President Jimmy Carter must have been asking himself the question as he made for the Guadeloupe conference with West German, French and British leaders.

Mr. Carter had been led to expect the entry into force on January 1 of a new European Monetary System (EMS) which, its authors said, would help the dollar. True, some critics felt the EMS was built on sand. Others, on the contrary, felt the system might eventually produce a significant, alternative reserve asset to the dollar—a development not necessarily helpful to the stability of the international monetary system.

Initiative

Nonetheless, the Europeans led by Chancellor Helmut Schmidt and President Valery Giscard d'Estaing were clearly in earnest. Even for a President with a Middle East peace settlement, Iran and Turkey (among other things) on his mind, the EMS seemed to be a notable political initiative.

And what is the result? Mr. Carter must feel he has witnessed a European Community circus in which farming clowns have managed to pull the rug from beneath the troupe of acrobats, the European Council, nominally topping the bill. That is, of course, a highly seasonal event—but not quite what had been hoped for. Indeed, the impudence of it takes the breath away.

President Carter is not alone in asking how it could happen—and is not likely to feel happy about the explanations he has heard so far. Can it be that agricultural problems alone were responsible — matters which, from Washington at least, must seem equalled in their triviality only by the passion which they arouse in otherwise civilised European adults? It hardly seems credible—but then it would not be the first time that the Europeans had determinedly concentrated on the apparently inessential.

An unkind American President might feel inclined to suggest that the European Community should follow up the Treaty of Rome by choosing the Emperor Nero as its patron and a lyre set against a burning city as its emblem.

No doubt President Carter will be looking for some clarification in Guadeloupe (not of course from Mr. James Callaghan who, by accident or design, has kept himself happily apart from the shambles). Meanwhile who can blame the President if he permits himself an ironic smile—he who used to be pilloried by the Europeans for entertaining visions which had little to do with the hard realities of power?

It hardly needs saying that the apologists in Europe are now at work. We are told that the dollar is weak, not least because of unrest in Iran, and that it is therefore better to wait on the EMS anyway. But then—the EMS was supposed to help the U.S. currency, was it not? And there is no certainty that the unrest in Iran will go away soon—or that, if it does, it will not be replaced by unrest elsewhere. To wait until the dollar is strong (however that may be defined) and the problems over is to decide to do nothing indefinitely.

Others remind us that when the date of January 1 for the EMS was decided last July, it was really a most optimistic target which has been only just missed. What does it matter, it is asked, if the system were to start operation, let us say, one month later when the farm ministers have sorted out matters to their satisfaction?

Credibility

The answer is that it matters very much when the heads of state or government of the nine Community countries take a unanimous decision on what they say is of historic importance on December 5 and then permit discord among farm ministers to undermine it on December 19. Even to those whose minds are dulled by excessive consumption of alcohol over Christmas and New Year (or by stultifying discussion of the history of Monetary Compensatory Amounts in EEC farm trade), it must be clear that this topsy turvy procedure undermines the credibility of Europe's leaders and is the worst possible psychological preparation for eventual introduction of the EMS. If the Europeans want to be taken seriously by the Americans. They will surely have to do better than this.

AROUND BRITAIN

A mountain of neglect

SNOWDON

BY ROBIN REEVES

SNOWDON looks at its most impressive at this time of the year. Clothed in snow and ice under a cold blue sky it looks almost as spectacular as a Himalayan peak nearly ten times its size. But beneath the fine winter coat, all is not well with the highest mountain in England and Wales. It may have withstood thousands of years of erosion by snow, ice, wind and water, but the famous peak is now suffering grievously from a new agent of erosion—man.

Anyone who has inspected Snowdon (Yr Wydffa as it is called in Welsh) more closely during the summer months will have seen the tremendous damage being caused to the mountain's fabric by visitors. Ever since the Reverend Bingley clambered one of Snowdon's main cliffs, Clogwyn Du'r Arddu, in search of botanical specimens (incidentally, the first recorded rock climb in Wales), Snowdon has been attracting ever increasing numbers of people.

The dramatic glaciated landscape is a mecca for geologists, climbers and mountain walkers. The collection of flora and fauna is renowned among naturalists throughout Europe and some 4,000 acres of its slopes, including the summit, are designated a national nature reserve. Countless thousands have gone to the summit on the unique rack and pinion railway from Llanberis, built at the end of the last century.

But it is only in the last 15 to 20 years that the stream of visitors has built up into a flood.

The mobility afforded by the motor car and the popularity of mountain pursuits has turned Snowdon into an irresistable attraction for a very wide public indeed.

Getting on for half a million people now reach the summit each year either on foot or by train, leaving behind them a major problem of serious footpath erosion, litter disposal and damage to fragile habitats and the workaday needs of local sheep farmers.

In a recently published report, the Snowdonia National Park Authority draws a parallel with Hyde Park, pointing out that the park would look appallingly damaged and scruffy after a summer's wear and tear without proper management and a large labour force to look after it. By contrast the care and attention which Snowdon receives is presently limited to the valiant efforts of the railway company and a few wardens and volunteers and the mountain shows every sign of long neglect. The report warns that while it is not going to sink under the weight of countless feet there is a danger that much of present value will be lost.

The National Park Authority's solution has been to draw up what it calls the Snowdon Management Scheme to try to reconcile the conflicting demands of conservation, agriculture, recreation and the tourist industry.

New footpaths

The scheme sets out a five year programme starting in the spring this year, which will concentrate on three main areas. On the summit new footpaths will be laid out between the railway terminal building and the summit cairn, and facilities—particularly for water and sewage disposal—will be improved.

On the mountain slopes priority will be given to restoration and maintenance of the footpath network so as to provide a stable walking surface. But the scheme will also include the repair of damage to farmland and, where necessary, re-routing of footpaths to prevent future damage.

Around the base of the mountain the scheme provides for the extension and landscaping of car parking facilities and the provision of a weather-forecasting system at all points where the public set out to climb Snowdon. An experimental bus service—the Snowdon Sherpa—has already been introduced to encourage visitors not to bring their cars into the area and to try to reduce pressure on the vulnerable and overused parts of the mountain.

The overall cost of the scheme is estimated at £600,000 spread over the five years, funded mainly through grants from the Countryside Commission, the Welsh Office and other government agencies. It will provide employment for a workforce of around 40 estate workers.

But once the rehabilitation and restoration of Snowdon are completed, the authority stresses that an adequate workforce will still be needed to ensure deterioration does not set in again.

The Snowdon Management Scheme has not been without its critics. Traditionalists have argued in the past that the mushrooming of arrangements to chaperone, if not mollycoddle, visitors seriously detracts from the character of mountains. Part of the attraction lies in the element of danger and uncertainty and the ability of the mountain walker to move safely over difficult terrain and judge the weather for himself. But most would now accept that, in Snowdon's case, the weight of traffic is such that the mountain can no longer be left to look after itself. Indeed, purists gave up climbing Snowdon except at quiet times of the year a long time ago. They now find mountain solitude elsewhere in Snowdonia and in the hills of mid-Wales.

Scandal hits a racing Prince

DOMINIC WIGAN in this fourth article on the history of racing describes the Great Escape Scandal.

AT THE end of Queen Anne's reign it was generally expected that George I would have little love for racing, and this surmise proved correct. His successor, George II, proved to be equally uninterested; but his son, the Duke of Cumberland, was one of the most noted figures in racing of any period. Not only did he breed Eclipse, he was the most influential racing man of his time.

George III, for his part, had virtually no interest in the sport, although he ran the occasional horse under the assumed name of Thomas Panton. However, he must take some credit, insofar as the Turf is concerned, for he was father to the Prince Regent, later to be George IV.

The Prince Regent was probably the most ardent royal follower that racing has had. His stable at Newmarket often varied in numbers according to his finances, but the size of his operations can be gauged by the fact that in the years 1788 to 1792 he won 185 races worth over £30,000.

Of the many controversial situations that the Prince Regent became involved in, none in racing was more so than the great Escape Scandal. In this affair the Prince Regent's horse, Escape, completely reversed form with two rivals against whom he had run on the previous day.

An uproar was followed by a Jockey Club inquiry, and this led to the Prince Regent feeling obliged to finish his racing interests at Newmarket.

King William IV's knowledge of racing was soon made known, for after his accession the nautical monarch, in answer to his trainer's question as to which horses he would like to run at Ascot, replied: "Why, the whole squad — first-raters and gunboats. Some of them, I suppose, must win."

Queen victoria, though never owning horses, sometimes raced at Ascot, and on one occasion decided to ask a four-stone boy jockey called Bill his weight. "Please, Your Majesty," came the reply, "my master said I was not to tell my weight to anyone."

In contrast to Queen Victoria, Edward VII was as keenly interested in racing as the Prince regent had been and, unlike some previous monarchs, was determined to breed his own runners. From the mare Perdita II he gained Florizel II, Persimmon and Diamond Jubilee.

TV/Radio

BBC 1

† Indicates programme in black and white.

9.55 am Paddington. 10.00 Jackanory. 10.15 Scooby Doo. 10.25 The Cossack's Horse. †11.20 Buck Rogers. 12.00 Fantastic Journey. 12.45 pm News. 1.00 Pebble Mill. 1.45 Trumpton. 2.00 Tennis: Braniff Airways World Doubles Championship. 3.20 Glas y Dorlan. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Horses Galore. 5.10 Grange Hill. 5.35 Ludwig.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 The Rockford Files.
8.30 Citizen Smith.
9.00 News.
9.25 Running Blind.
10.15 Up, Up and Away (London and South-East).
10.45 Regional, National News.
10.50 Tennis
11.30 The Late Film: "What's New, Pussycat?".

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 pm Sioncyn Sponcyn. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.25 Tom and Jerry. 7.40-8.30 Star Trek. 10.15 Kane on Friday. 10.45-10.50 Regional, National News.

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Spectrum: Poet with a Camera (Margaret Tait). 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) In The Country; Midlands (Birmingham) Where Is Lucy? North (Leeds) Springtime with Geoffrey Smith at Springfields, Lincolnshire; North East (Newcastle) Friday North; North West (Manchester) Unlucky For Some; South (Southampton) A Year From Now . . .; South West (Plymouth) Peninsula; West (Bristol) XTC.

BBC 2

11.00 am Play School.
3.20 pm Tennis: Braniff Airways World Doubles Championship.
5.30 News on 2 Headlines.
†5.35 Charlie Chaplin in "The Cure."
6.05 Mathematics into Pictures
7.05 Mid-evening News.
7.10 Maidens' Trip
8.30 Country Game.
9.00 Pot Black 79.
9.25 Film International: "Cousin, Cousine."
11.00 Jazz from Montreux
11.50 Late News.
12.05 am Closedown. (Reading.)

LONDON

9.30 am "Tarzan and the Jungle Boy." 11.50 Nobody's House. 11.30 Westway. 12.00 A Handful of Songs. 12.10 pm Stepping Stones. 12.30 Dynomutt 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Sounds of Britain. 2.00 Friday Matinee: "Roll Freddy Roll," starring Tim Conway. 3.20 Heart to Heart. 3.50 The Sullivans. 4.15 The Doombolt Chase. 4.45 Magpie. 5.15 Thames Sport.

5.45 News.
6.00 Thames at 6.
6.30 Father Dear Father.
7.00 The Muppet Show.
7.30 Sale of the Century.
8.00 General Hospital.
9.00 Best Sellers.
10.00 News.
10.30 Best Sellers (continued).
11.15 Police 5.
11.25 The London Programme.
12.25 am George Hamilton IV.
12.55 Close: Michael Barrell reads from the diary of Nijinsky.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am On the Twelfth Day. 10.00 Wilkie on Water. 10.25 Take a Bow. 10.50 You Can Make It. 11.10 Where the Hell Are We? 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Friends of Man. 1.25 Anglia News. 2.00 Houseparty. 2.25 Friday Film matinee: "Three For The Road." 5.15 Sam. 6.00 About Anglia. 11.15 The Liberace Show. 12.15 am Police Surgeon. 12.45 Christians in Action.

ATV

9.50 am The Adventures of Pinocchio. 10.15 Survival. 10.40 Wilkie on Water. 11.05 Lord Tramp. 11.30 The Princess of Tomboso. 12.30 pm Sounds of Britain. 1.20 ATV Newsdesk. 1.30 Movie Matinee: "Drum Beat," starring Alan Ladd. 3.50 The Practice. 5.15 Happy Days. 6.00 ATV Today. 11.15 Mary Hartman, Mary Hartman. 11.45 The Mel Brooks Interview.

BORDER

9.30 am The Undersea Adventures of Captain Nemo. 9.35 Untamed World. 10.00 Wilkie on Water. 10.25 Take a Bow. 10.50 You Can Make It. 11.10 Where the Hell Are We? 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Lifestyle. †1.20 Border News. 2.00 Matinee: "Great Catherine." 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Welcome to the Ceilidh. 11.15 The London Rock and Roll Show. 12.10 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.00 The Friday Matinee: "Funeral in Berlin." 5.15 Friends of Man. 6.00 Report at Six. 6.35 TBA. 10.28 Channel Late News. 11.15 The Electric Theatre Show. 12.10 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 The Lost Islands. 10.00 Wilkie on Water. 10.25 Take a Bow. 10.50 You Can Make It. 11.10 Where the Hell Are We? 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Survival. 1.20 Grampian News Headlines. 2.00 Friday Matinee: "She Wore a Yellow Ribbon." 5.15 Woobinda. 6.00 Grampian Today. 6.35 Sportscall. 7.30 Welcome to the Ceilidh. 11.15 The Entertainers: Tom Paxton. 11.45 Reflections. 11.50 Grampian Late Night Headlines.

GRANADA

9.30 am Sesame Street. 10.25 The Amazing Chan and the Chan Clan. 10.50 The Nature of Things. 11.15 The Axe and the Lamp. 11.25 Clapperboard. 11.45 Song Book. 12.30 pm The Amazing World of Kreskin. 1.20 This Is Your Right. 2.00 Friday Matinee: John Alderton in "Please Sir." 5.15 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 11.15 Celebrity Concert. 12.15 am Westside Medical.

HTV

9.35 am Dynomutt—The Dog Wonder. 10.00 Wilkie on Water. 10.30 Take a Bow. 10.50 You Can Make It. 11.15 Where the Hell Are We? 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Gold is Where You Find It. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 "Brenda Starr," starring Jill St. John. 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 6.30 Oh No It's Selwyn Froggitt. 11.15 Survival Special.

SCOTTISH

9.30 am Friends of Man. 10.00 The Violin. 10.30 Take a Bow. 10.50 You Can Make It. 11.15 Where the Hell Are We? 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Lifestyle. 1.25 News and Road and Weather. 2.00 Friday Madnee: "The Family Nobody Wanted." 5.15 Mr. and Mrs. 6.00 Scotland Today. 6.30 Steve Jones Illustrated. 7.30 Christian. 9.00 Vegas. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment With Fear: "The Psychopath."

SOUTHERN

9.30 am Stationary Ark. 10.00 Wilkie on Water. 10.25 Take a Bow. 10.50 You Can Make It. 11.10 Where the Hell Are We? 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Farmhouse Kitchen. 1.20 Southern News. 2.00 Houseparty. 2.25 "New Original Wonder Woman." 5.15 Laverne and Shirley. 5.40 Weekend. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Out of Town. 11.15 Southern News Extra. 11.25 Soap. 11.55 The Electric Theatre Show.

TYNE TEES

9.30 am The Good Word, followed by North East News Headlines. 9.35 Spiderman. 10.00 Wilkie on Water. 10.25 Take a Bow. 10.50 Clue Club. 11.10 Where the Hell Are We? 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Lifestyle. 1.20 North East News and Lookaround. 2.00 Friday Film Matinee: "Message to my Daughter." 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. 11.15 The London Rock and Roll Show. 12.10 am Police Surgeon. 12.35 Epilogue.

ULSTER

10.00 am Wilkie on Water. 10.25 Take a Bow. 10.50 You Can Make It. 11.10 Where the Hell Are We? 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.30 pm Lifestyle. 1.20 Lunchtime. 2.00 Friday Matinee: "Roll Freddie, Roll." 4.18 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 6.30 Sportscast. 11.15 Bedtime.

WESTWARD

9.30 am A Hole lot of Trouble. 10.00 Wilkie on Water. 10.25 Take a Bow. 10.50 You Can Make It. 11.10 Where the Hell are we? 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.27 pm Gus Honeybun's Birthdays. 12.30 The Cuckoo Waltz. 1.20 Westward News Headlines. 2.00 The Friday Matinee: "Funeral in Berlin." 5.15 Friends of Man. 6.00 Westward Diary. 6.35 Time Out. 10.28 Westward Late News. 11.15 Spies—An Electric Theatre Show Special. 12.10 am Faith for Life.

YORKSHIRE

9.30 am Wild, Wild World of Animals. 10.00 Oscar. 10.15 Tarzan. 11.10 Winners and Losers. 11.35 Tell Me Why. 12.30 pm Lifestyle. 1.20 Calendar News. 2.00 Friday Film Matinee: "Quick, Let's Get Married." 5.15 Sam. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 11.15 The London Rock and Roll Show. 12.10 am Police Surgeon.

RADIO 1

(S) Stereophonic broadcast
‡Medium Wave only

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Peter Powell. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.00 Andy Peebles. 5.30 Newsbeat. 5.45 Kid Jensen. 7.30 As Radio 2. 10.02 The Friday Rock Show (S). 12.00-2.04 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 David Allen (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Take Your Partners at the Radio 2 Ballroom (S). 8.02 Ronnie Aldrich conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Treble Chance. 10.30 Fiesta de Dorita with Los Paraguayos. 11.02 Tennis. World Championship Doubles (report). 11.04 Brian Matthew introduces Round Midnight including 12.00 News. 12.02-4.00 am News Summary.

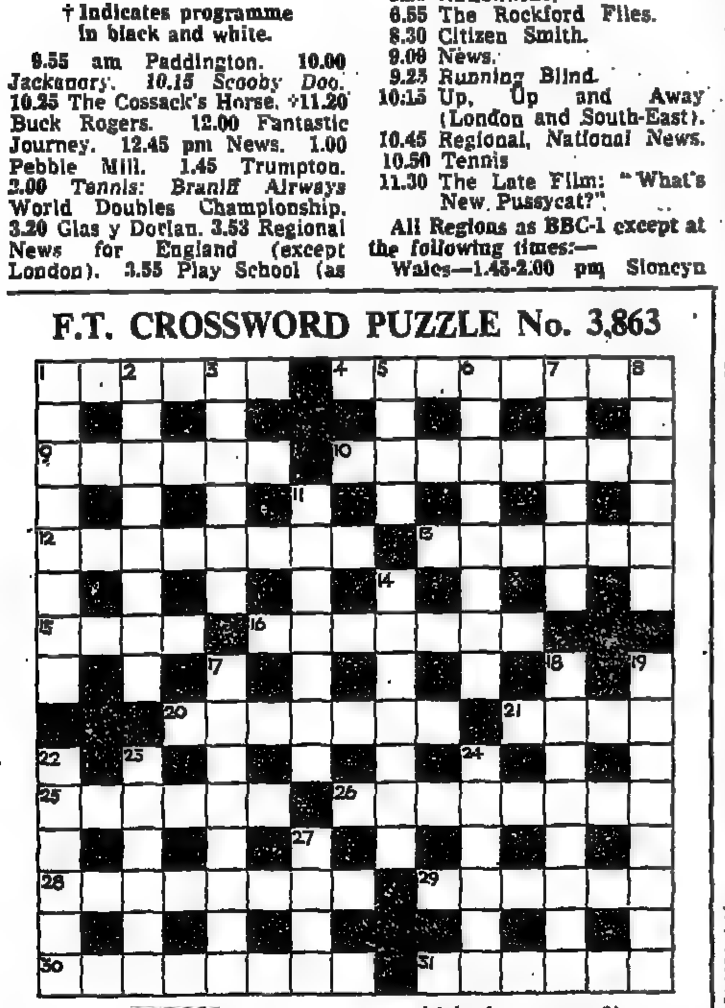
RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Schumann (S). 10.00 Holiday Special (S). 10.20 Young Artists Recital (S). 11.20 Music for St. Mark (S). 12.05 pm BBC Northern Symphony Orchestra, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 BBC Northern SO, part 2 (S). 2.10 Haydn Trio, concert, part 1 (S). 2.55 Interval Reading. 3.00 Concert, part 2. 3.40 Bruckner (S). 4.50 Young Composers 78 (S). 5.45 Homeward Bound (S). ‡6.30 News. ‡6.35 At Home: Schnabel plays Beethoven. 7.30 Scottish National Orchestra, part 1, Leighton (S). 8.25 Poetry Now. 8.45 Scottish National Orchestra, part 2: Schubert (S). 9.40 Stories on 3. 10.00 Debussy piano recital (S). 10.50 BBC Symphony Orchestra (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Granny's Village. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From our own correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 The Tor Sands Experience (S). 4.35 Story Time. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight including 10.25 Market Trends. 10.30 Week Ending (S). 10.55 Fritz on Friday. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 John Ebdon Just Before Midnight. 12.00 News.

F.T. CROSSWORD PUZZLE No. 3,863



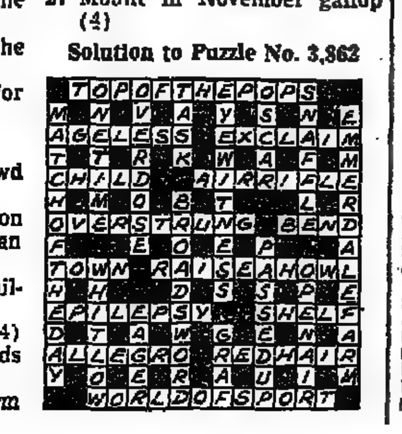
ACROSS

1 Doctor leading soldiers to ship in marsh (6)
4 Vie with learner inside and finish (8)
9 Money for special gift (6)
10 Waterfall that could spoil view (8)
12 Speed regulator boss (8)
13 Fish going to river-head may be seen on ice (6)
15 Canvas cover for wine? (4)
16 Fish with eastern rope (7)
20 Dance as leader of troupe to give stability (7)
21 Variety of hose or other footwear (4)
25 Dally with sweet (6)
26 Inclination to write song (8)
28 Shop in the red made good (8)
29 Writer of plagiarism in the south-east (6)
30 Patrimony and how old she must be to accept it (8)
31 Object to be aimed at for sailor to acquire (6)

DOWN

1 I follow with German crowd to appease (8)
2 Bearing upon Engineers on east coast of Mediterranean (8)
3 Guard despatched on railway (6)
5 In for a lesson it's said (4)
6 Putting down floor-boards (8)
7 Orientals going round farm vehicle for game (6)
8 Gain with violence and without legal offence (6)
11 Doctor going to mass-meeting to all intents and purposes (7)
14 Render by means of accepting the end (7)
17 Packet to send by post with craft (4-4)
18 The start of central heating could be deceiving (8)
19 Garment or article of underwear people take initially (8)
22 Formality of putting heavenly body over church (6)
23 Collide with 'er mouth? (6)
24 Plant two airmen with first-class return (6)
27 Mount in November gallop (4)

Solution to Puzzle No. 3,862



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. CC. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Winners 1978 SWET Award Outstanding Achievement in Opera. Tonight & Wed. next 7.30 Tosca. Tomor. 7.00 Der Rosenkavalier (last perf.) ...

THEATRES

KINGS ROAD THEATRE. 01-352 7488. Daily Mon. to Thurs. 9.00. Fri. and Sat. 7.30 and 9.30. THE ROCKY HORROR SHOW. DON'T DREAM IT, SEE IT.

...

SHAFTESBURY. CC. 836 6596-7. 836 4255. Until Jan. 13. JANE ASHER NIGEL PATRICK in PETER PAN. Daily 2 and 6.45. Prices £5, £4, £3, £2. Reduced prices tonight, Jan. 8, 9, 10, 11 and 12.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE—WE'RE BRITISH. LONDON'S BIGGEST LAUGH. OVER 3,000 PERFORMANCES.

ST. MARTIN'S. CC. 01-836 1443. Evgs. 8.00. Matinees Tues 2.45. Sats. 5.00 and 8.00. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST EVER RUN. 27th YEAR.

TALK OF THE TOWN. CC. 01-734 5051. Air-conditioned. From 8.00. Dining & Dancing 9.30 SUPER REVUE RAZZLE DAZZLE at 11 FRANKIE VAUGHAN. From Mon. PATTI SOULAYE.

CINEMAS

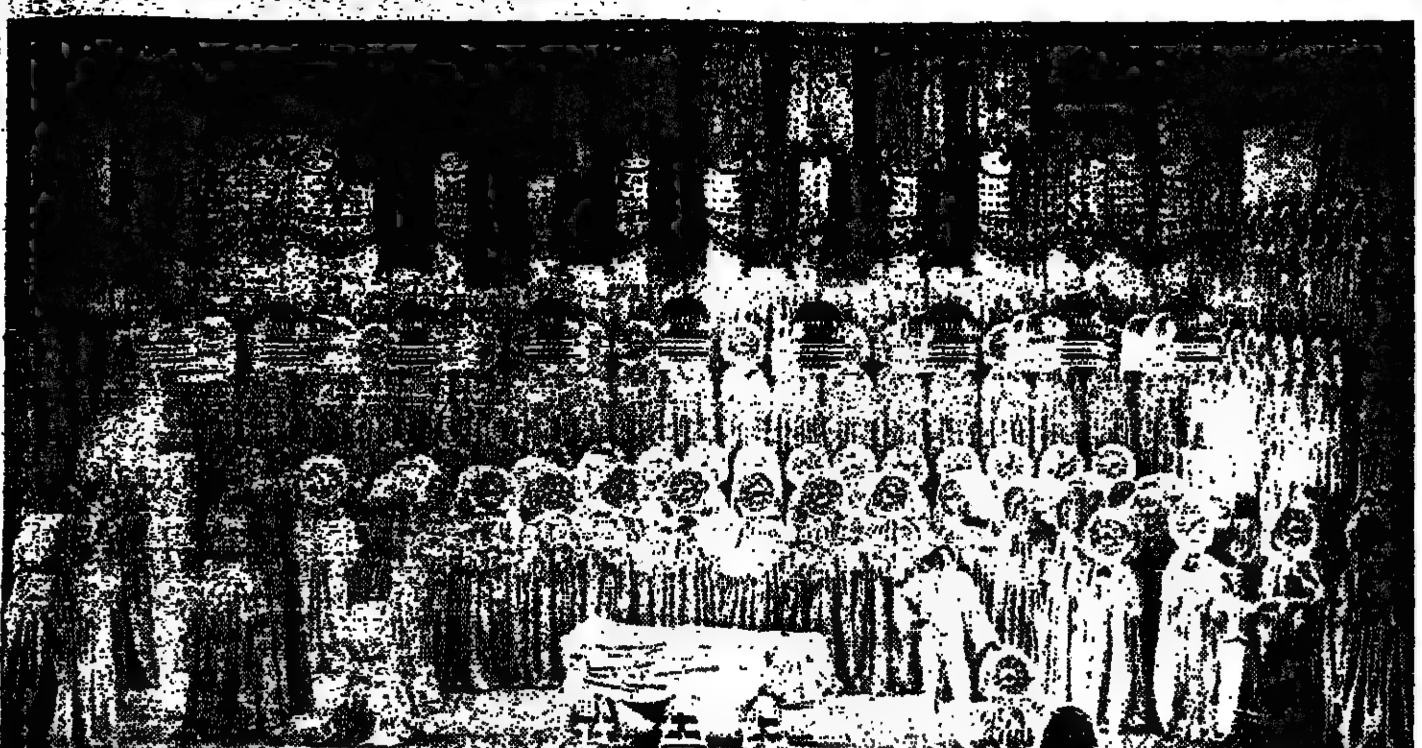
... 2.45. Late show Fri. and Sat., doors open 11.15 pm.

ODEON MARBLE ARCH. 723 2011-2. FORCE 10 FROM NAVARONE (A). Sep. progs. Dly., doors open 1.30, 4.30, 7.45. Late show Fri. and Sat., doors open 11.15 pm.

PRINCE CHARLES. Leic. Sq. 437 8181. Walerian Borowczyk's THE BEAST (London-X). Sep. perfs. dly (inc. Sun.) 3.10, 5.55, 8.35. Late show Fri. and Sat. 11.15. Licensed bar.

SCENE 4 (Wardour St.) Leic. Sq. 439 4470. SUPERMAN (A). Progs. 2.40, 5.25, 8.10. Late show Fri. & Sat. 10.55.

STUDIO 1, 2, 3. Oxford Circus. 437 3300. 1. An all-star cast in Robert Altman's A WEDDING (AA). Progs. 2.20, 5.10, 7.55. Late show Sat. 10.45. 2. Agatha Christie's DEATH ON THE NILE (A). Sep. perfs. daily 2.00, 5.00, 8.00. Late show Sat. 11.00. Seats bkble. 3. Jill Clayburgh, Alan Bates in Paul Mazursky's AN UNMARRIED WOMAN (X). Progs. 1.05, 3.30, 6.00, 8.35. Late show Sat. 10.50.



Scene from 'L'Heure espagnole'

A visit to La Scala

by MAX LOPPERT

Returning to La Scala after a long absence is an extraordinary and in some ways a curiously paradoxical experience. Outside, a wintry Milan, dressed in mud-stained snow, may present a grey, tense face, depressed and depressing, suitable backdrop for some of the more easily visible urban dramas of economic and political uncertainty in crisis-ridden Italy. Inside, and until the *glittering impression of the first* half-hour or so has been somewhat toned down, this seems to be still the most self-assuredly luxurious opera house of all.

It is in all those extras that the roving eye adduces the regal *self-assurance:* all those white-gloved attendants, massed in the foyer and then in the stalls in surely greater quantity than in any other theatre, showing the foreigner to his seat with that well-studied and invariably effective *Italian combination* of faintly abstracted courtesy and ever so slightly intimated disdain. Or, once within that vast auditorium, severely magnificent in the Milanese manner with the detail of its decoration beautifully renewed for the theatre's bicentenary year, the way in which each stage in the ritual of dimming the house lights has been carefully considered.

The audience itself continues both to reflect and to inspire the style of the theatre—perhaps, now, less ostentatiously opulent in dress than in previous decades—(the egg-and-fruit-throwing students of the late '60s and early '70s have left a permanent mark on the *moeurs* and *modes* of Scala first nights); but still slow to settle down, quick to display impatience and quicker to rush for the exits at the first fall of the final curtain; still in need of the encouragement of that hard-working claque placed strategically in some high-up tier; and still prey to sudden bursts of exuberant and gladdening enthusiasm. In all this *show*—a thing as it were apart from the quality of the *actual performances*—there is vividly apparent the sense of a house that has long believed itself first in the operatic world and continues to do so.

When I was a regular Scala-goer, during 1971-72, the clash *between the style of the place* and the content of its artistic achievements often seemed great. From a roll-call of operas seen that season, by Shostakovich, Gluck, Verdi, Puccini, Ghedini, Mozart, Strauss, and Saint-Saëns, few happy memories rise to the surface; more characteristic appear to be those others connected with mediocre solo and choral singing, limp orchestral execution, half-hearted dramatic postures, and *a generally vigorous intervention* only by prompt and claque—memories more numerous than any major opera house should have permitted. But that was before the artistic directorship of Claudio Abbado had taken root. If a brief visit to the theatre last month allows anything (and, in *the spirit of easy* generalisation with which this notice commenced, it will do so), it is that the Scala has once again its great evenings, worthy of all the external trappings and its long-standing reputation, and that its failures are *no more* notable or significant than those on any other important operatic stage.

In the former category I *would certainly place Simon Boccanegra* — the collaboration of Abbado, producer Giorgio Strehler, and designer Ezio Frigerio several seasons old, revived in Milan for the first time since its triumphal tour of London, Washington, Tokyo and Paris of recent years. The production was closely reviewed on this page by William Weaver, and again during the 1976 London visit of the Scala company by Ronald Crichton. It *remains one of the grandest* Verdi stagings of our day; the unity of tone, intention, and response achieved between stage and pit is a feature not only rare and remarkable in itself, but one that goes to the *heart of a much-loved but "difficult"* Verdi opera. Indeed, performed with such sovereign simplicity of means, such dark, subtle economy of statement, the great Genoese drama is — *for all its complications of plot detail, and despite the dichotomy* in musical style of an *opera belonging to two widely* separated periods of composition — difficult no longer.

Encountering the opera a couple of performances after the start of the revival, one could perhaps remark a small want of absolute breadth and concentration in the dramatic unfolding for which the evi*dence might be a certain loose*ness in the stage management *of the problematic final act*—Frigerio's great sail failed to drop its complete distance, and the Doge's death, with his reassumption of sailor's clothing, was awkwardly enacted. And there remain small points over which issue could be taken with the producer: Boccanegra's discovery of the dead Maria, an offstage event brought with ingenious pointlessness onstage, or the *conception* of the villainous Paolo (however strongly *played* and *sung by Felice* Schiavi) as first cousin to Victor Hugo's hunchback.

Set against the magisterial splendour of the musical direction and execution, a quality of sombre velvet richness in the *orchestra in an infinite variety* of muted hues and subtle shades that is the foundation of the production, these points of nitpicking count for very little. Abbado's mastery of the music seemed even more searching, *more various, more considered* in the scrutiny of every musical marking, than on the *DG* recording of the Scala *Boccanegra*. With that recording, the cast of the evening shared three singers—the prodigiously long-*breathed, even-toned* Piero Cappuccilli, a distinguished performer deeply involved in the character of the title part if finally lacking the essential note of *greatness of soul;* Nicolai Ghiaurov, whose big bass rolled out Fiesco's music in a way to fill the house; and the already-mentioned Schiavi. Gabriele Adorno was Giorgio Casellato Lamberti, an Italian tenor with an authentic, Martinelli-like *squillo* in his tone, but with also *the faults of unrelieved loud*ness, errant intonation, and *passing dramatic inattentiveness* that belong to the lesser members of his tribe.

The surprise element was the Maria-Amelia of Kiri te Kanawa, *making* on this occasion her Scala debut. From the 1973 *Covent Garden Boccanegra* revival one was already prepared for the finesse and beauty of her performance, the complete way in which her full, serenely shining lyric soprano shaded in a role often left *shadowy and even marginal* by less prodigally gifted singers. What could not be predicted was the full-throated ease with which the voice accommodated itself to the size of the stage and the theatre, the effect of a presence at the very least as definite as the other, more *experienced participants* in the production. Only in stray glances directed to the conductor was there an occasional sign that she had not rehearsed for long hours with producer and conductor. The delight one took in such small things as the liquid, perfectly executed trill *that closed the big F sharp* major ensemble could not be ascribed *solely* to *chauvinist* pride.

The next night brought the Scala failure referred to earlier, a revival of the Ravel double bill staged, in a spirit of frigid chic, for the composer's centenary *by Jorge Lavelli* and his regular designer, Max Bignens. The problem *began with the* theatre itself, almost laughably large for the elaborately mechanised farce of *L'Heure espagnole* and (except for those *moments* when all the animals were parading about the scene) for the magical-fantastic pleasures of *L'Enfant et les sortilèges;* in the former, the players tended to *rattle* about on that unkindly capacious stage like five *miniature peas in a gigantically* overgrown pod.

Yet it is just conceivable that the effect of all this vastness could have been mitigated by a producer determined to render intact the particular fantasy of *each opera intact while enlarg*ing the dimensions of the stage activity. Instead, Lavelli, a theatre man whose inventiveness, sometimes striking, often irritatingly unmusical, has been chronicled on this page in *notices of his Angers Idomeneo*, Paris *Faust*, and Aix Festival *Alcina*, placed both pieces in the same sterile all-white box container, complete with white costumes, white props, white lamps and light-fittings, and white *backdrops*. *For* a while, the visual style held its own fascination; thereafter, colour starvation set in. In *L'Heure espagnole*, the stage was filled with humanoid clocks in monachal outfit—the joke of their *surreal leanings and staggers* soon palled. In *L'Enfant*, the *stage picture and the manner of* achieving the personifications was planned from an adult's eye-view, and entirely failed to evoke the peculiar blend of *childlike imagination and dandy*ish wit that one so loves in the music.

The sum was a severe, dry, and rather unpleasant evening —on its own terms efficient and boldly undertaken, but hardly entertaining, hardly likely to persuade people previously *unacquainted with the works* that there is music of lasting value therein, at least in *L'Enfant*. With a Boulez to draw militant exactitude from orchestra and chorus, a "case" might more effectively have been made for the Lavelli-Bignens approach; Georges Prêtre, *melding the precision of* Ravel's rhythms to goo and reducing the clarity of his timbres to cloudiness through the stop-go, push-pull vagaries of his beat, was hardly a fit exponent of the operas on any terms. (It was *sad to hear the chorus, so noble and robust* the previous evening in Verdi, making a mush of "Il est bon, l'Enfant.")

Neither was the casting of the operas on a very exalted level. Nadine Denize (Concepcion) and Jacques Mars (Ramiro) comprised the entire French *contingent, both strong of voice* and forward if notably unsubtle of manner. For *the rest,* and particularly in the second opera, there was much crudely Italianate French, rough vocalism, and inexact playing. Once again, it was not merely for reasons of chauvinism that *one relished the brief appear*ances of Gerald English as Teapot, *Arithmetic* and Frog: for he showed himself one of the *few* participants with a clear notion of what his parts meant, and how most trenchantly to convey them.

Head Theatre Club

Jeeves takes charge

by B. A. YOUNG

Edward Duke is enough of a Wodehouse expert to have published a play called *What Ho, Wooster*. He is wise enough therefore not to have based his *adaptations* of Wodehouse stories on the Master's dialogue, for the true heart of Wodehouse lies not there but in the narrative between. "There was a silence you could have dug bits out of with a spoon" is not a conversational phrase, whatever it is. What Mr. Duke offers us at the Head Theatre Club, that *comfortable upper floor of* the White Hart by Putney Bridge, is scriptless dramatic reading rather than drama.

He does it very takingly, *single-handed, adopting* the personalities of his characters instantly as they appear in the stories. He does not only encompass Bertie Wooster and Jeeves, but Lady Florence (Bertie's one-time fiancée) *Edwin the* Boy Scout, Uncle Willoughby, Peggy the teenage schoolgirl and Miss Tomlinson her headmistress.

The first of the two stories he gives us is told in the first person by Bertie, and there he is in his rather sprightly young check suit, an eyeglass in his eye, a cocktail-glass in his hand, an *Old Etonian tie round his* neck. In the second, he is Jeeves in proper black, his voice half an octave lower, his speech too correct even for that paragon, who would surely not *have made* siphon rhyme with gryphon, or pronounced the indefinite article as a long vowel.

At the end of the week, Mr. Duke goes to the *Young Vic* Studio. Aficionados will find him worth pursuing there.

Cinema

On with the flicks

by NIGEL ANDREWS

The year was an *annus mirabilis* for the cinema: the year in which the diving graph-line of movie attendances in Britain—and over most of the Western world—suddenly took an upward turn. A casual look at the year's box-office Top 20 in the UK might delude one into thinking that there were two simple reasons for this Renaissance: (i) Outer Space and (ii) John Travolta. Two hugely successful Space movies occupied positions one and three in the charts—*Star Wars* and *Close Encounters of the Third Kind*. And two hugely successful John Travolta vehicles — *Saturday Night Fever* and *Grease*—slipped *into places two and four*.

Trend-prospectors eager to generalise from the particular, however, and to see this as signifying a broader vote of confidence in two modernist genres—Science Fiction and the "Disco" Movie — will be disappointed. Our movie screens, heaven *knows, were bombarded with the* latter in 1978: *I Wanna Hold Your Hand, American Hot Wax, FM, Thank God It's Friday* and others too numerous and noisy to mention. The "live" musical, that near-forgotten institution in which song-and-dance routines were entrusted to the talented and fallible resources of on-the-spot performers, has been *elbowed aside by the soulless* technological perfectionism of *the loudspeaker musical;* in which an inchoate and flavourless storyline has poured over it, like sponge pudding with syrup, the all-saturating sweetener of a non-stop off-screen disc soundtrack.

British audiences — three cheers for their taste — didn't take kindly to the genre. None of the disco movies reached the Top Twenty except *Saturday Night Fever*, and it was Travolta's magnetism rather *than the film's distinction* that pushed it there. Travolta's other *film, Grease*, was partly a disco movie, partly an odd, endearingly over-energetic regression to the all-singing, all-dancing traditions of yesteryear — with a 1950s setting to boot.

To the Outer Space phenomenon the same applies. The only Sci-Fi films to enter the Top Twenty were the above-mentioned — *Star Wars* and *Close Encounters* — which, having *reach the ceiling of the year's* box-office achievements, went through the roof and started establishing all-time records. Follow-ups to both are promised — inevitably, in this sequel-conscious age — and *Star Wars Two commences shooting* at Britain's own Elstree Studios *in March*.

There is no more ready comfort for those frustrated trend-seekers in a glance at the rest of the year's best-selling titles. What can possibly be the common denominator among the *following hit movies?: Revenge of the Pink Panther, The Rescuers, Abba-The Movie, The Gauntlet, The Stud, The Deep, Herbie Goes To Monte Carlo*. A certain far-fetched *escapism* is the only quality common to most *of them*—*any Geiger counter* testing for social realism could pass over them all without a bleep or murmur. If television's speciality is a cosy, head-and-shoulders naturalism—the soap opera, the news programme, the chat show—the popular cinema is capitalising more and more *these days on its ability to dis*pense the exact opposite: exotic pot-pourris of fantasy, spectacle and technical bravura.

A trend dimly visible in the *films released in 1978* becomes harder and more distinct, like *a photograph in the developing* tray, when one considers the films being made during 1978. It was a busy year for the British studios, chiefly because they were overrun by an invading and benevolent army of American productions. *Supermdu* was at Pinewood for most of the *year*. A *ten-million-dollar* Science Fiction film *Alien*—American-financed but directed by Britain's Ridley Scott (of *The Duellists*)—has been occupying Shepperton and Bray Studios. And other movies in production in Britain in 1978, and promising their full share of showmanship *and pyrotechnics*, included *Arabian Adventure*, EMI's star-studded stab at Scheherezade, Peter Hyams's *Hanorer Street*, a story of the London Blitz, and Kubrick's *The Shining*, a macabre tale of the occult set in Colorado.

The film-maker's quest for spectacle is invigorating when it succeeds, as it did to everyone's relief in *Superman:* hilarious or depressing when it doesn't, as in Irwin Allen's *The Swarm*. Allen's multi-megaton fiasco promised to be the longest-running joke of the year. Speaking as one who watched it being filmed at Warner Brothers Studios in 1977, when the entire resources of Hollywood, both human and insect, seemed to have been harnessed for its making, I find the result sad as well as funny. The absurd procession of frayed-at-the-edges movie cliches unrolls for two hours *without* even the saving distinction of good special effects or a serviceable storyline.

But *The Swarm* was the only film that fell flat on its face in a *year in which the cinema* hurdled most of the old technical obstacles with spirit, and raised a few still more challenging ones for the future.

I have culled my personal Top Ten from films that combined a novel, adventurous, sometimes even dazzling surface with a thoughtful, intelligent "*interior*." The most original film of 1978 was Bob Dylan's weird-and-wonderful *Renaldo and Clara*. This was a film to lose oneself in: *one needed maps* and a compass to negotiate a way through Dylan's wild and thorny mixture of documentary, musical, autobiography and morality *play*. *The film rewards patience* and hard work, for it's a massive tribute to—and dissection of—the key idealistic social and political movements of America in the last two decades.

A polyglot quartet of period films—"period" in *more than* one sense since, though new to Britain, their ages range from one to six years old—materialised in London in 1978. Borowszyk's *The Beast*, Visconti's *Ludwig*, Fassbinder's *Effi Briest* and Ridley Scott's *The Duellists* all showed how the best historical films can both dazzle the eye and satisfy the mind.

Wim Wenders's *The American Friend* is one of those Damascene experiences that make a critic's job both fascinating and unnerving. I did not like the German director's slow, moody adaptation of a Patricia Highsmith thriller when I first saw it. But its introspective *lyricism*, totally against the Hollywood grain, becomes appealing, even compulsive, on a second viewing.

Richard Benner's *Outrageous* takes no time at all to grow on you. This story of a Canadian homosexual-cum-d r a g-artist is the first "gay" film to combine propoganda with a sense of humour, and it provides a brilliant showcase for the cabaret *talents of Craig Russell*.

The remaining three films are a variegated trio of successes plucked from the mainstream of popular conema. Sam Peckinpah's *Convoy*, a virtuoso comedy-cum-action-thriller, rose to twelfth place in the UK charts and deserved higher. Michael Crichton's *Coma* was a Hitchcockian thriller light years ahead of anything made by Hitchcock's nominal and acclaimed heir-apparent Brian de Palma (of *Carrie* and *The Fury*). And *Watership Down*, on which most film critics poured drizzling scorn, was a revelation to this reviewer: the best animated feature since Disney and an exquisite visual hymn to the English countryside.

One to be seen: 'Watership Down'

So here, set out un-invidiously in alphabetical order, are my Ten Best Films for 1978:

The American Friend
The Beast
Coma
Convoy
The Duellists
Effi Briest
Ludwig
Outrageous
Renaldo and Clara
Watership Down

Mark Rappaport's *The Scenic Route* slips into London a few days too late to qualify for 1978 Top Ten, but is an early contender for the 1979 awards. After a royal progress through *last year's major European* festivals—I wrote about it from Cannes—this brilliant set of variations on the American Way of Love comes to the Scala cinema as a New Year present. It should be snapped up by everyone.

Set in New York, the film concerns a three-way love affair involving two girls and a man. It does not so much tell a story as take an archetypal dramatic formula—the Eternal Triangle —*and throw it into the deep* end of different movie styles. *Ciné-vérité realism, 1940s film noir*, 1950s women's weepies (school of *Imitation of Life*), even the Hollywood musical jostle in unholy alliance in a wild but never less than mischievously ingenious blend. *Rappaport plays beguiling tricks* with the eye and the ear—snatches of opera elide with popular songs, realistic backgrounds are revealed as painted backdrops—and his Pirandellian games with reality offer, in *generous helpings, both heady* entertainment and deep food for thought.

Complete string quartets of Shostakovich

All 15 of Shostakovich's string quartets are to be performed by the Fitzwilliam String Quartet at the Wigmore Hall during February and March.

The series will begin on February 10 *with a lecture on the* quartet cycle by Mr. Alan George of the Fitzwilliam Quartet. This will be followed by a performance of the quartets No. 1, No. 4 and No. 3.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000

Friday January 5 1979

Back to the pig trough

THE UNDIGNIFIED tussle over wages which is now disrupting various sectors of our economic life has been sourly described by one trade union leader as "a return to the philosophy of the pig trough." George Orwell put this aspect of socialism in action rather more elegantly: "All animals are equal, but some are more equal than others." Both these observations, discouraging as they may seem, serve to put our present troubles into some sort of perspective. They are not so much an outbreak of anarchy as a return to normality, with all its faults.

Pious hope

It has always been clear, in fact, that the anomalies caused by three years of roughly egalitarian wages policy would be to some extent disruptive; the pious hope for an "orderly return" to free collective bargaining was never more than a pious hope. The hope that a year of rapid recovery in real incomes would serve to pacify all those who are normally militant proves, with hindsight, to have been just as misguided. Groups who have normally felt able to assert a strong bargaining position did voluntarily restrain themselves for three years of evident national emergency. The decline in inflation and the recovery of real incomes was read, quite naturally, as a sign that the emergency was over, and that they could safely reassert their "rights."

The strikes and excessive settlements which are now in the news raise two issues which are readily confused, but are in fact largely separate. The first is the likely impact on inflation, and thus the damage to future investment and growth, which will result. The second, now being raised by some of the less patient front bench spokesmen of the Conservative party, is whether the powers and immunities of the trade unions are now excessive.

The immediate inflationary implications of the breakdown of restraint are quite impossible to estimate at this stage. A reassertion of differentials and of relative bargaining strength is bound to cause a wider spread of settlements than for some years past. While the demands of especially militant or aggrieved groups attract much publicity, the admittedly tentative evidence of average settlements provided by official statistics and by the Confederation of British Industry is much less dramatic. There does in fact seem to have been a positive response to the slowing of inflation; the less militant groups, and those most conscious of competitive pressure on their industries, are willing to settle for a good deal less than militant truck drivers or broadcasting technicians. If their own real incomes seem reasonably secure, they can tolerate others getting more.

If this pattern were to persist, the outlook would not be too discouraging. Once the stresses of the last three years are relieved, the militants might themselves become less assertive, and the Prime Minister's hope of a three-year programme to reduce inflation below 5 per cent would possibly begin to look achievable. However, there are some very awkward corners to be negotiated before this is more than wishful thinking. Above all, it may be necessary to confront some immoderate claims in the public sector. The difficulty is not so much of willpower—the Prime Minister no doubt realises as well as Mr. Heseltine that it is popular to stand up to the unions—but of finding a defensible and rational line behind which to entrench now that 5 per cent has been breached.

Union privileges

For the longer haul, the Government should reassert the sound policies it was propounding recently of monetary control and a relatively strong exchange rate, and educating the public in its consequences: higher settlements mean lower growth and fewer jobs. Public sector pay, related to the actual growth of revenue, should be determined if possible towards the end of the annual wage round. Finally, union privileges, now to be consolidated in yet another Government bill, may have to be reviewed. Here there is no need to rant or to act in haste: it is the unions, when they strike against the sick, or harass the public instead of their employers, who make the case for change.

Paying for the lorry

THE LICENSING of road haulage vehicles has been in almost continuous development for almost half a century during which both the system and its objectives have changed. Beginning as a device to protect the railways from the consequences of a statutorily-imposed charging policy, with road safety only as a subsidiary objective, it quickly evolved into a system the primary function of which was the protection of the established road haulier. Yet in practice it achieved neither of these objectives effectively, largely because of the virtually unconditional grant of licences to manufacturers and traders carrying their own goods in their own vehicles.

Ten years ago, following the report of the Geddes committee, the basis of the licensing system was fundamentally changed. Quantity controls on the vehicles operated by professional hauliers gave way to a system of quality controls on hauliers and "own-account" operators alike which left them free to compete for the available traffic provided they observed specific standards of safety and efficiency.

More liberal

This decision, another committee led by Professor Christopher Foster has now—rightly—concluded, was basically sound. The committee rejects arguments in favour of restoring quantity controls to protect the railways, on the lines traditionally used in some West European countries, or to protect the environment from the growth in the numbers of lorries. Since the railways were freed of the old Victorian restrictions on their charging policies some 20 years ago, road and rail operations have tended to become increasingly complementary and rather less directly competitive.

Other countries, notably France and the United States, have been moving towards a more liberal approach to haulage licensing, and the European Commission has adopted a similar policy as its long-term aim for a common transport policy.

Nevertheless, while the basis of the present system is sound, the committee believes there are many ways in which its detailed application could be improved or extended. Probably the most obvious need is to tackle the problem of illegal (or "cowboy") operation. This appears to have increased as the cost of operating legally has risen and, apart from attracting a criminal element, does considerable damage both to the reputation and the profitable operation of the industry. According to the committee, the answer lies partly in tougher enforcement measures, such as impounding illegally operated vehicles and extending roadside checks to weekends, nights, and on to motorways, and partly by requiring all lorries and trailers to carry in a prominent position a special licence plate.

Social costs

More controversial are the parts of the committee's report which discuss the environmental impact of heavy lorries. It suggests this is a matter which can mainly be tackled by measures outside the licensing system, such as controls on lorry noise and smoke, parking, loading, waiting and access and by improving the road system. But it believes licensing could play a part if the licensing authorities were required to have regard to the impact upon the local environment of an applicant's operating centre.

These proposals are unlikely to still the argument: in any case many issues—the vexed question of lorry weights, for example—lay outside the committee's terms of reference. It does however suggest that there should be more research into these environmental issues, including the effect of axle loads on road surfaces. This is a sensible idea which could lead to a more rational debate. Not all the "social costs" imposed by lorries—and by other forms of traffic—are readily quantifiable. But at the end of the day the question is how much improvement in amenity we as a society are prepared to pay for.

An electronic boost for the yachtsman

BY MAX WILKINSON

MESSING about in boats is more likely to require a soldering iron and a voltmeter than tarred hemp or a marlinspike these days.

For the electronic revolution is beginning to have a major effect on the yachting and boating industry, which is worth about $1bn in Europe and probably more than twice that amount world wide.

One of the most important effects of electronics has been to help open up the sport to a much wider range of people, by improving safety, convenience, and to some extent by reducing the amount of skill required.

The idea that electronics can make yachting more generally popular might seem odd to anyone who flips through the price lists at the Daily Express Boat Show, which opened in Earls Court, London, yesterday.

A complete set of instruments, for example, including depth meter, speed and distance indicator, wind speed and radio direction finder can cost from £600 to more than £1,000—hardly small change for Mr. Average.

However, the de luxe sets of instruments for the rich ocean racing skipper or the long distance cruising enthusiast are now being supplemented by considerably cheaper equipment which makes sailing much more practicable for a family or for the inexperienced.

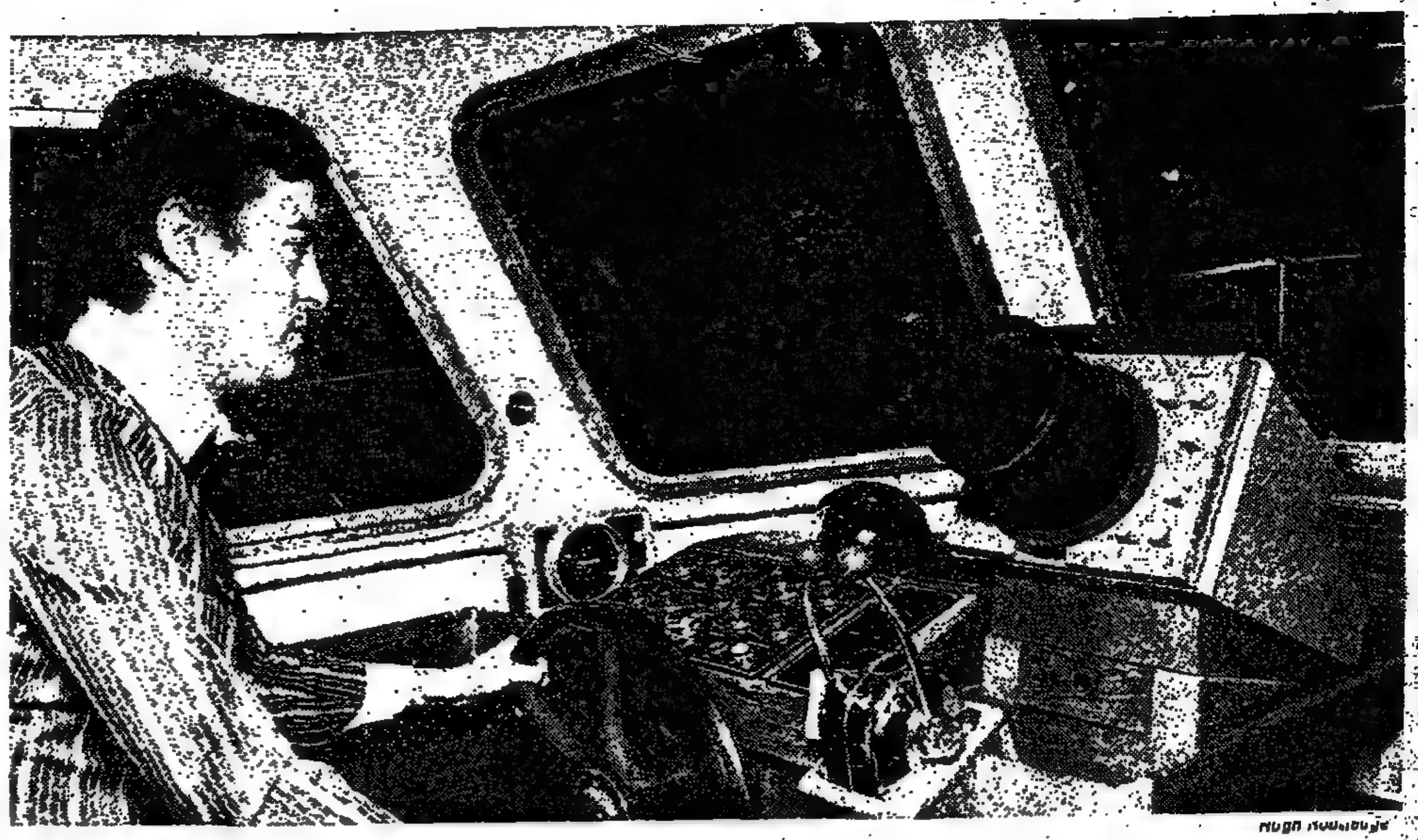
Furthermore the continual development of electronics and the application of techniques from aircraft and military equipment is producing some spectacular improvements in performance with steady cost reductions in real terms.

Indeed a yachtsman can now have a range of navigational and communications equipment comparable in performance to that installed in medium sized commercial and fishing vessels at the beginning of the last decade.

For example, two way VHF radio transceivers, already quite common, can now be bought for less than £200 and will become almost standard on seagoing yachts in the next few years. This equipment alone will make yachting seem a much more "civilised" sport to many people who would not otherwise have considered it.

The wide grey sea can appear much less frightening and more matey to someone who is able to chat to other yachts over the horizon. He can also use the equipment to ask his position from a passing steamer, obtain storm warnings and most important, to put out a distress signal. The VHF set is also a friend to those who wish to keep in communication with a shore-bound wife or even the office.

Even five years ago, deep-sea sailing was predominantly the sport of those who reserved a corner of their soul for the romantic enjoyment of loneliness and danger. The introduction of two-way radio into small yachts will greatly reduce both and thus expand the potential market.



Hugh Routledge

A modern pleasure cruiser fitted with a Decca 110 radar system at the Boat Show yesterday

The very rapid growth in popularity of yachting in the past decade has already been greatly helped by the comparatively simple electronic depth meter which makes coastal navigation much easier and safer. This was the first of the popular electronic aids which are now beginning to change the character of the sport. A depth sounder costing only £23 was introduced in 1963 by Electronic Laboratories of Poole just as yachting was beginning to emerge as a truly popular sport.

This emergence resulted mainly from the development of resin glass fibre hulls which were strong and leakproof and of reliable small diesel engines.

However, the adoption of mass production techniques and powerful engines (even in sailing yachts) could not alter the fact that navigation was always a difficult art, requiring considerable dedication to master.

Electronics is now reducing that obstacle by making navigation relatively easy. The official wisdom that electronic gadgets are only an aid to traditional methods must soon give way to the attraction of new instruments.

Last year, for example, a new radio direction finding set was introduced by Aptel, subsidiary of Unitech, the aircraft instrumentation company. For a little more than £200, this allows a yachtsman to pinpoint his position rapidly and accurately from radio beacons up to 50 miles distant. All the navigator has to do is to press a few buttons and read a compass dial.

This system, which was a major advance in small boat electronics, depends on a frequency synthesiser and other micro-circuits developed for the aircraft industry. The price of this type of instrument will fall substantially in the next few years. It will greatly alleviate the yachtsman's greatest worry—the fear of getting lost.

Perhaps even more remarkable to the landsman is the development in the last few years of low-cost automatic steering devices, which can be bought for only about £100.

Electronic aids can generally only be made cheap enough for yachtsmen if they are manufactured in large enough volumes to serve a world market. Fortunately for the UK it is a section of industry in which British companies have secured a strong, even dominant, position.

Sales of electronic equipment for the small boat industry are estimated to be around £100m world wide. Precise figures are difficult to obtain, partly because the distinction between yachting equipment and that used in smaller commercial vessels is becoming blurred.

The three most important UK companies in the field are the fast growing Electronic Laboratories, subsidiary of the Brocks Group (formerly makers of burglar alarms), Decca and Brookes and Gatehouse, now owned by Unitech.

All three are heavy exporters. Decca still dominates the marine radar market with a little under a third of total worldwide sales. It is, however, being strongly challenged by Japanese manufacturers as well as by Electronic Laboratories, which makes the cheapest system available in Europe.

The sale of small radars to pleasure yachts and fishing boats has indeed become an important business even for a company like Decca which made its reputation from supplying the world's large merchant fleets. World-wide sales of these smaller units are running at probably about 30,000 units or more a year.

A radar set for a supertanker now costs between £25,000 and £30,000, but at present scarcely any supertankers are being built. To achieve the same revenue, therefore, Decca must sell smaller units for patrol boats, fishing boats or yachts. The world slump in merchant shipbuilding is therefore pushing companies like Decca more and more towards smaller sized craft.

At the same time companies like Brookes and Gatehouse which developed mainly from sales to yachtsmen, are now looking upwards towards the commercial vessel market.

Mr. Charles Kirkman, sales manager for Brookes and Gatehouse explained: "The use of the micro-processor and other miniature electronics is going to produce a revolution in our industry over the next ten years. However the effect of the micro-processor will be that we will have to sell many more of each standard instrument to justify development costs."

For Brookes and Gatehouse, which developed an international reputation for very rugged, high quality instruments at a premium price, the obvious expansion route is towards commercial shipping. Electronic Laboratories, on the other hand, seems determined to remain the "Marks and Spencer" of the boating industry. Its strategy is to achieve high volume sales by aggressive cost cutting as far as that is compatible with workmanlike quality.

For both companies exports represent more than 80 per cent of total sales, with the U.S. and

UK BOATING INDUSTRY SALES

Year (end March)	£m	Of which exports £m
1969	57	13
1970	72	20
1971	73	24
1972	83	21
1973	100	21
1974	141	42
1974	151	50
1976	205	81
1977	245	100
1978	270	105

Source: Ship and Boat Builders' National Federation

EUROPEAN BOATING INDUSTRY PRODUCTION 1976*

Country	$m
Denmark	45
UK	394
Finland	73
France	407
Italy	na.
Netherlands	192
Norway	106
Sweden	442
Germany	na

* Total turnover of main companies including trade and service.

Source: International Council of Marine Industry Associations

Germany among the most important markets.

Besides the three larger companies there are a large number of specialist marine electronics companies, many of them with sales of less than £500,000. Some have developed impressive new products which have helped to maintain the high reputation of the UK boating industry abroad and to maintain total exports at the current level of £100m. The UK marine electronics industry's total production is about £26m a year, of which a high proportion is exported.

The smaller companies include Nautech, which developed the first low-cost automatic pilot, of which it has now sold 15,000 units. Aptel scored an important first in the world market with its direction finder. Mariner Electronics, a small South Coast company, is another example of an entrepreneurial effort which has achieved sales of £500,000 during the last five years, of which 92 per cent is exported.

In spite of its recent success, the marine electronics industry now faces two general uncertainties. The first and most obvious is a consequence of the general stagnation of the boating industry. The rapid increase in popularity appears to have been checked partly because of congestion in yacht harbours, and partly because of competition from other leisure industries.

The question therefore is whether advances in electronics will continue to help make yachting attractive to the unconverted at a similar pace to that achieved by the use of glass fibre and diesel engines during the 1960s. The very high cost of resins, which resulted from the increase in the price of oil, has also had a restraining effect.

The advance of new sections of this market, including that for marine clocks, specialised calculators and tape recorders and navigational equipment, will depend upon the boating industry as a whole maintaining enough forward momentum.

The other uncertainty is whether the smaller UK companies will be able to survive if the market becomes profitable enough to attract some of the larger international electronics companies.

Already there are signs that this is happening. Texas Instruments with its formidable reputation for driving down prices of consumer and office electronics, is now marketing its very competitively priced Loran C navigation system at about £2,000. This system uses a radio network to give a continuous automatic reading of a vessel's position. Although this product is clearly aimed at the smaller commercial vessel and larger yacht market, it shows that Texas is keeping a sharp look out for chances of putting its products afloat. Marine calculators are already available, which can allow navigators to dispense entirely with nautical almanacs and trigonometric tables. It may prove comparatively easy for Texas to develop marine products like this as a spin off from their other operations.

On the other side of the Pacific, the Japanese, with a very large fleet of small fishing boats have developed a wide range of marine electronics including radar.

UK companies will therefore have to move rapidly if they are to exploit the larger and more lucrative marine markets and avoid being hemmed in by the specialist requirements of racing yachtsmen.

MEN AND MATTERS

Caine climbs from the kindergarten

Michael Caine was in quite a muddle yesterday, just as he was named the next chairman of Booker McConnell. Treading carefully amid electricians' cables, then manoeuvring his broad, 6ft 4in frame past piles of boxes, he surveyed the conglomerate's temporary headquarters in Bishopsgate with cool amusement. Moving day was at the start of this week.

By the time Booker McConnell returns in the autumn to its old (but renovated) home in Bucklersbury House, Cannon Street, the 51-year-old Caine will have taken over the reins from Sir George Bishop.

Like Booker McConnell itself, with its £500m turnover derived from widely-diverse interests at home and abroad, Caine has contrasting strains in his outlook. On social issues and Third World affairs he sees himself as a radical—but no Leftist. Once chairman of the Institute of Race Relations, he fought a long, but vain, battle to stop militants from turning it into a platform for polemics. He has a strong streak of intellectual liberalism. "I spent 40 years of my life in Hampstead Garden Suburb," he explains dryly.

But this high-mindedness goes with hard-headedness in business. His rise to the top of Booker McConnell is directly linked to its surging growth in wholesale and retail food sales in Britain. He has steered that division's turnover from almost nothing in 1960 to around £400m last year. "I am a firm believer in the market economy," he says—with ample evidence.

The son of Sir Sydney Caine, a former director of the LSE, Caine joined the group in the early fifties, after Oxford and a spell at an American university. He was part of the socialist Lord "Jock" Campbell's "kindergarten," introduced after a massive boardroom purge; another member was Peter

"On a Summit the only direction you can go is . . . down!"

Parker, now head of British Rail.

In recent years, Caine has been chief executive and vice-chairman to Bishop, who he says has always been "unflappable and cheerful in face of difficulties." Difficulties there certainly were in the early seventies, when asset-strippers—notably Jessel and Slater—were sniffing around Bookers. "Our earlier problems have been unloaded," says Caine.

One major unloading he masterminded personally was in 1976: the sale to marxist Guyana of the sugar interests from which the group was born. "We can now look forward confidently," said Caine yesterday

Rare catch

While London worries itself into a lather about the country's one remaining smallpox laboratory in Paddington, the World Health Authority has ironically chosen this moment to publicise a $1,000 reward for anyone reporting a confirmed case of the disease.

"The search is on throughout the world," says James Magee, of the WHO Smallpox Eradication Unit. But during 1978, investigation of over 18,000 cases of skin rash in the Horn of Africa yielded only common-or-garden chickenpox and measles. Rumours from the rest of the globe also produced not a single case. Perhaps fearful of doing itself out of a job, the unit hopes its tastefully-executed gold, blue and red poster should bear some fruit.

Spectre of Disney

In the absence of a De Gaulle to keep alive Gallic anti-Americanism, it has been left to one of France's Communist members of Parliament to initiate protests against the choice of the cartoon character Goofy as the national mascot for the 1980 Olympics. Deputy Georges Hage describes it as "an insult": in words which might have issued from Colombey itself, he demands to know what measures are to be taken "to ensure that France's image survives the Olympic Games untarnished." The French Olympic committee is circulating pictures of the trans-Atlantic canine with increasing self-consciousness.

Lhasa beam

While the thaw continues in China, the Americans have pulled off a supreme coup in negotiating the building of a 200-bedroom hotel in the (hitherto) Forbidden City—Lhasa, capital of Tibet. The Chinese intend to open Lhasa to foreign visitors for the first time. This should provide plenty of bookings from the culturally curious for the edifice to be built by the New York-based Amherst Group.

Marcia Lieber, daughter of Amherst's chairman and sole shareholder, Abe J. Lieber, tells me the Lhasa hotel, and five others in China, are part of a bigger package which includes technical help in designing, building, and arranging finance for a national communications and data processing network.

Intercontinental Hotels has also announced an agreement to build six hotels in China, all of which suggests that tourists will soon be as blasé about Peking as about Paris.

Even in troubled Cambodia the still-almightyish dollar has been flexing its remaining muscles. For the first time since money was abolished by the Khmer Rouge four years ago, it has returned to cope with day tourists visiting the ancient temple of Angkor Wat, closed during eight years of war and revolution.

Travellers are, however, somewhat startled to find that silk and cotton scarves cost $30 and upwards, and straw baskets $10 to $15. "High quality," explain the guides.

Brick unfurled

Despite the froideur produced by certain recent events, the Bulgarians and HMG have, I am pleased to report, settled down to some useful negotiations on trade. One can only sympathise with the Bulgarian delegate who gauchely remarked in the loaded atmosphere: "I think these talks should end in a general umbrella agreement."

Ethics above all

They mean to see the job done properly . . . Sir Henry Fisher, newly-announced choice as chairman of the working party to enquire into self-regulation at Lloyd's is the son of the former Archbishop of Canterbury, Lord Fisher of Lambeth.

Tart retort

After studying the menu at an Oxford restaurant where she was taking tea, a reader called the waitress and asked the difference between gateaux and cakes. "It's plain enough on the list," came the acerbic reply. "Five pence."

Observer

The blight on the Italian South: By PAUL BETTS in Reggio Calabria

Coming to grips with the mafia

AN ITALIAN court for the first time has successfully seen through a major trial against the Calabrian mafia, or more precisely the 'ndrangheta or "Man's Thing." After some 42 hearings spread over the past three months in the rundown courthouse of Reggio Calabria, opposite the old castle of Ferdinand of Aragon, 28 of the 60 defendants were sentenced yesterday to prison terms totalling about 207 years.

The presiding judge read out the verdict at 2 a.m. yesterday morning in the crowded courtroom of Reggio with its red drapes, its crucifix and its collection of battered chairs. The accused, appearing on charges of criminal association or in the more figurative Italian of associazione per delinquere listened to the sentences standing in two iron cages on either side of the court guarded by an impressive contingent of carabinieri.

The sentences represent a turning point in the previously unsuccessful attempts of the judicial authorities to tackle the phenomenon of the mafia in Italy. According to the magistrates of Reggio, a depressed town at the tip of Italy's toe, the trial was in many respects unique. Previous trials related to the Calabrian mafia had always involved specific and individual acts of extortion, murder or corruption only, whereas in the trial now concluded the charge implied that membership of the mafia by itself is punishable. The trial demonstrated for the first time tangibly the extent of the "Honoured Society's" network in Calabria and its presence in every aspect of the region's economic life.

Not that anyone has ever doubted for one moment its existence—first as the "little sister" of its Sicilian counterpart, and subsequently its evolution and transformation into the so-called new mafia with the beginning of the first subsidies and public works programmes in the late 1960s. They helped it to spread to the richer industrial pastures of the North, where it has fed on the discontent of southern emigrants and in the chaotic university and schools systems.

All the 28 condemned are generally regarded as leading figures of the Calabrian mafia. The remaining 32, apparently lesser representatives of the 'ndrangheta, were acquited because of inadequate evidence. Some were not set free because they face other charges.

The trial was characterised by the usual barrier of reticence and occasional acts of intimidation in the best mafia tradition. Before the trial officially opened, one of the magistrates was the target of an unsuccessful bomb attack. The public prosecutor had asked for prison sentences totalling some 487 years on 53 of the defendants. He stitched his case around a whole series of cheques and money drafts paid for activities connected with different projects, including, among others, the proposed but now shelved plan to build Italy's fifth integrated steel plant in the plain of Gioia Tauro, some 20 miles north of Reggio, and the doubling of the main Reggio railway line. The cheques, he claimed, through a complex roundabout showed the intricate links between the various defendants.

With a mixture of rhetoric blending Pirandello, the commedia dell'arte, Greek classic tragedy and Groucho Marx, he illustrated to the court documents allegedly showing the existence of an organised criminal association. He read out a letter of recruitment by a supposed mafia boss to a newly acquired member, seized in the course of a police raid in the mountains of the Aspromonte. It started with the word accommodatissimo or "most welcome." It referred to the recruit as a giovane d'onore or "honourable youth." It urged him to visit the sick but it also spoke of arms. It said the "honourable youth" had decided to leave the "world of contrasts," and at this stage the public prosecutor claimed this meant the world opposed to the 'ndrangheta.

This particular part of the prosecution's winding up summarised in so many words the condition of this poorest part of Italy's South, which is at the root of the country's current crisis. Calabria, in a sense, is a different civilisation with its enigmas, half-mythologised Christianity, its internal hatreds, its poverty, illiteracy, and cruelty. In these conditions, the mafia has thrived both alongside and within the political, economic and local government structures of the region.

It first emerged in the open as a conditioning factor in the region's economic development at Locri, in 1967, when a mafia execution took place in the village square in broad daylight on market day. Three men were killed in a showdown between two rival families over an issue involving building tenders. Subsequently, the hand of the mafia in some form or other has repeatedly appeared in all major contracts in the area.

One northern businessman involved in the construction sector in Reggio Calabria referred to the phenomenon of the mafia quite blandly. "If you want to do business here you must work out in advance the cost of the protection money you will have to pay, usually in the form of non-existent subcontracts. If you refuse, your equipment will blow up, your employees will be terrorised, or you will quite simply be kidnapped." Similar problems face the trade unions. Sig. Placido Napoli, secretary of the local

Communist-dominated CGIL union, said two signed-up members were recently badly beaten up at Gioia Tauro by mafiosi, who wanted the jobs for their protegees. The unions took the case to court and successfully prosecuted it.

In the main street of Reggio, Corso Garibaldi, a barricade of rusty bed frames and springs guarded what was left of a shop gutted by a sudden inexplicable fire. Opposite, youths lolled in their characteristic posture outside a cinema showing a film appropriately called Anti-Mafia Squad.

The Aspromonte, the sinister mountains of olives and shrub rising sharply behind Reggio and overlooking the straits of Messina across to Mount Etna, is the traditional heartland of the Calabrian mafia. The isolated road winds up through dark forests of olives to the town of Delianuova, with its old men playing endless card games and its decrepit houses clinging to the hillside. Delianuova has the highest rate of kidnapping in Italy. They rarely feature in the news because they usually involve relatively modest ransom sums of around lire 30m-50m.

One of the wealthier farmers was recently kidnapped. He had forgotten to pay the traditional percentage of the EEC olive oil subsidy which he receives and which effectively makes up his profit. His wife could not pay the ransom because she had no written powers to draw money from the bank. The kidnappers through their channels let her have the necessary documents, signed by the victim. But the mafia does not limit itself to extortion. It has become agricultural producer and industrial entrepreneur in its own right.

Gioia Tauro is perhaps the most outstanding example not only of the mafia's presence, but of the general predicament of the South. It was the fruit of a political compromise following the revolt of Reggio eight years ago when the regional capital was moved from Reggio to Catanzaro. To abate popular unrest, a second state university for the mezzogiorno, the Italian South, was earmarked for Cosenza and the integrated steel complex was planned for Gioia Tauro.

Gioia Tauro was part of the so called Colombo Package devised by the then prime minister, Sig. Emilio Colombo, now president of the European Parliament, to create some 20,000 new jobs in the Reggio area. Although the steel complex was to employ only 7,500 people, it none the less represented the starting point of an industrial policy to develop a new outlook in Calabria and to uproot gradually the mafia much in the same way as giant chemical plants were planned for Sardinia to eliminate banditry.

Gioia Tauro is today an enormous wasteland. Some 1,000 hectares (about 2,100 acres) of olive and orange groves in the plain, in a region where 92 per cent of the total area is mountain land, have been destroyed. Despite the shelving of the steel project under pressure, among others, from the European Community because of the world steel crisis, work is continuing on the construction of a gigantic port under the most difficult conditions.

There is an inborn fatalism in most Calabrians. The failure first of the land reform, which tended to distribute mainly the most marginal land of the traditional southern landowners and under financial and environmental conditions of the most discouraging kind, and then of an uncoordinated industrialisation policy, have—like the climate, geology and history of the region—continued to conspire against it. With the recession and the restrictive economic policies of the past two years, the situation has deteriorated.

The two biggest industrial projects, Gioia Tauro and the Liquichimica chemical plant to produce bioproteins for animal feed, have never taken off. At Saline, the Liquichimica complex has been completed but has so far not received approval for the commercial production of bioproteins from the health authorities, while the top management of the company is currently under judicial investigation for alleged misuse of state subsidised funds.

Backwater

Although it would be unfair to underestimate the serious effort, capital and dedication that have gone into Calabria during past years, much of this effort, as one local Communist party official remarked, has already been washed down the Straits of Messina. The motorway that now links Reggio with the North, and which periodically appears in the press as one of those customary Italian national public works scandal, has done much to break the isolation of the region. But it still remains a backwater as the gap between the North and the South of the country widens.

While the judicial authorities with the trial in Reggio have begun to tackle successfully the mafia phenomenon, the magistrates admit that they are still only dealing with the so-called generals and soldiers, and not the real bosses. According to Sig. Guido Papalia, a Reggio magistrate, the real effort to overcome the mafia must come from political and social forces. Indeed, it is in large part a cultural problem. To some extent this is happening. Last year, at the town of Gioiosa Jonica, the mayor took a mafia family or cell to court after they had tried to impose by force upon the community a day of official mourning following the death of their boss.

In part work at Gioia Tauro has been allowed to continue to give some employment in an area with more than 100,000 people in search of work. Of these more than 70 per cent are young people. At a time of renewed social tensions in the area and growing exasperation, the continuation of some work at Gioia Tauro, according to local trade union leaders, reflects the general policy of a "social compromise" to give sustenance by subsidy to a vast portion of the population. In large part, too, the work continues for a series of political motives and financial interests.

Calabria is now likely to be one of the main battlegrounds of the country's next and apparently nearing electoral confrontation. In the industrial North, the Communist party is unlikely to increase its already considerable electoral support. In the South, and Calabria in particular, it has always been weak and local representatives of the party say it is currently losing ground. This in large measure is so because the coalition Government in Rome, which the Communists support without serving in it, has failed to fulfil repeated promises for the recovery of the region. In turn, this has led to a hardening of the Communists against the other parties, but especially the Christian Democrats.

At local level, it led to the withdrawal of the Communists from the regional government coalition of Reggio following the march of some 20,000 Calabrian workers to Rome at the end of October. At national level, too, the coalition formula now risks falling apart.

Letters to the Editor

Afloat on chemicals

From Mr. R. Legge

Sir,—Is the contribution of oil and chemicals to the UK economy really appreciated? One shudders to think of our situation without their outstanding production and export performances in recent years.

Figures for the total economy, including oil and chemicals, are bad enough. Here are a few key indicators showing absolute changes between the years 1973 and 1978.

	%
GDP	+3.5
Consumers' expenditure	+0.3
Total industrial production	+0.2
Total manufacturing production	−4
Retail prices	+110
Unemployment	+125

When North Sea oil and gas and chemical industry production are excluded the picture looks far worse for example the rest of industrial production fell by 5.8 per cent in that five year period.

In view of recent criticisms, it is relevant to note the leading role played by "multinationals" in the oil and chemical success stories. These companies are alleged to be selfish giants which ignore the true interests of the countries in which they operate. If only our political masters could achieve as much in our interests in their ever-widening tinkering in industrial affairs.

R. F. Legge,
87, Penshurst Gardens,
Edgware, Middlesex.

Why not pay more?

From the Conservative Prospective Parliamentary Candidate, North Nottingham

Sir,—If the salary bill of companies is less now in real terms because of continued wage restraint, and, if the engineer is essential, is in short supply and is in need of a higher status in British industry, why don't companies merely pay the engineer a lot more? And while they are about it, why not pay others in industry—if it is that important—more?

I too, have heard of trade union hostility, of wage restraint and of diminishing profit margins, but I haven't heard of a single reason why those in industry can't be paid more.

P. E. Waine,
North Nottingham Conservative Association,
The Dorchester,
19a Hamilton Road,
Sherwood Rise,
Nottingham.

A way to cut unemployment

From the Director Federation of Medium and Small Employers

Sir,—Smaller businesses are sometimes condemned for excessive self interest, and we are the first to agree that enlightened self interest is the basic fuel which keeps enterprise alive. We have, for instance, a marked self interest in helping the state avoid the tremendous expense which will be inevitable if we have to support for the next several decades, a generation made unemployable by unemployment. Surely the signs of chronic unemployment, poverty and crime—those constant bedfellows—are plain for all to see?

A state faced with this will, or certainly should, apply itself analytically to the problem, to eradicate the causes and to make non-cosmetic arrangements which will have a bona fide impact on the problem. Why are people unemployed? Simply, because no business will take them on to the staff. So the pragmatic action which is called for is to persuade those employers to take people on. We should be seeking to identify and eradicate the reasons which make it attractive to a business not to engage more people.

What about compulsion? Even the compulsion inherent in paying subsidies towards additional wages bills cannot, by its nature succeed. The jobs which are thus created are not bona fide. To be genuine, a job must be an essential prerequisite of a successful commercial operation. The enormous numbers of small- and medium-sized firms in Britain provide a potential into which the state should be able to siphon millions of presently or potentially unemployed men and women, boys and girls.

So why is it not working and why will even a subsidy not prime the pump in traditional Keynesian tradition? The reason is that so many employers are motivated by a new fear with which they have not learned to live—the fear of getting involved and out of their depth in legislation with which they cannot cope and which the subsidy would not begin to finance. Why cannot the State, which has interferred so much in business since 1971, interfere again to remove some of the obstacles which it has created?

Risk taking is the raison d'être of our existence. We expect to risk and possibly lose our capital by making commercial judgments which may make us a fortune or make us bankrupt. What we cannot do is make snap value judgments of our fellow human beings upon which we are prepared to wager our future. No small employer will willingly take the risk of employing a single extra hand unless he can see his way clear to restoring the status quo ante, should the new hand not be a good investment—good for the firm, good for the firm's other employees—good, in the long term, for the person engaged. What benefit is it to a man to be stuck in a job he dislikes, in which he is not competent and is known not to be competent by his employers and his fellow employees?

Yet that is the situation posed by the absurd "unfair dismissal" legislation which has been likened, by a Minister in Parliament, to a gigantic fruit machine, which may, for the lucky punter, produce several thousand pounds in compensation. To qualify for a ticket in this gamble, all the worker has to do is remain in a job for 26 weeks, after which, irrespective of his personal qualities, he cannot be removed, in practice, without participating in the Minister's fruit machine. It is the fear of being landed with the provision of the prize money, plus the costs of the litigation, which inhibits hundreds of thousands of small firms from taking the risk of offering the jobs which might break the log jam of unemployment presently building up. Let Parliament act to restore to two years the period by which an employee must be with a firm—surely not an onerous term compared with permanent unemployment—and see at once the number of vacancies which will occur, once the small man knows he has a reasonable period in which to judge whether his new man (or woman) is or is not, going to make the grade.

Such a step will not solve the whole problem, but it will be a major contribution and allow those of us who think about these things to be optimistic that the cancer of unemployability is at least being tackled.

J. H. Stevenson,
Enterprise House,
Pack and Prime Lane,
Henley-on-Thames, Oxon.

Winsome ways

From Mr. M. Stacey

Sir,—I am the last of men to cry "sour grapes," and I am brimming with admiration of the bold and innovative stroke of Colt International in securing the face and name of the Rt. Hon. Anthony Wedgwood Benn for its eye-catching, full-page and doubtless widely distributed advertisements entitled "What Your Own Boardroom Needs is a Few More Like Him" (January 2).

Nevertheless, I am sure I am not alone in wondering about the propriety of a senior Government Minister lending his face and name to a purely private enterprise. I am not an old man, but neither am I in the first flush of youth: I certainly cannot remember any precedent for such a departure. Times and customs change, however, and perhaps we must read this as no more than a further sign of the ever-increasing relationship (not to say entanglement) between British Government and British industry.

If so, it would give me great pride to secure the face and name of some notable public figure in support of my own company's claims. One imagines starting at the very top, with Mr. Callaghan himself, emphasising the moderation and general good commonsense of our market place blandishments!

M. J. Stacey,
Triple-E (U.K.),
547, Chiswick High Road, W4.

Spending on education

From Professor Glyn Emery

Sir,—In his forecast for the electronic industry for 1979 (December 30) Sir Robert Telford refers quite rightly to a serious shortage of skilled people, which is now the main impediment to growth. He is wrong, however, to suggest that the cause is a lack of motivation among young people.

Partly because of a reduction in the number of graduate jobs, and partly because of a real change of heart, young people are not now quite so contemptuous of engaging themselves in trade as they once were. Today's problem is much simpler: it is lack of resources. Whatever it may allege to the contrary, the Government is spending yearly less and less on real education.

For example, the cost of a computer suitable for sixth form work, surely a primal requirement for getting students interested in this sector of industry, is less than £1,000: yet not one school in a hundred can afford this sort of money. Indeed many schools are not able to provide a proper complement of textbooks. Nor is the situation in higher education any better. I write with some bitterness here, since I have been told that the finances of the College will probably not extend to providing me with the additional lecturer I shall need next year. As a result, the College will probably not be in a position to accept any students next year to read computer science.

It is perhaps typical of the country's present malaise that the Government is evidently able to lavish over £200m of taxpayers' money on support for microelectronics without ensuring first that the human skills will be there to make proper use of it. This type of politics, which enters into grandiose schemes with happy disregard of fundamental needs, is best exemplified in the Shah of Iran; and we all know what is happening to the unfortunate gentleman.

Glyn Emery,
Department of Computer Science,
The University College of Wales,
Penglais,
Aberystwyth.

Building societies

From the Chief Surveyor, Anglia Hastings and Thanet Building Society.

Sir,—I was interested to read your further commentary on our housing market report for 1978 (January 2, page 14). May I, however, draw your attention to the headline and first paragraph which wrongly imply that Anglia Hastings and Thanet Building Society naturally does most of its business in the south-east of England.

When the amalgamation took place six months ago Anglia, headquarters Northampton, was the 11th largest building society in the country; Hastings and Thanet, based in Bexhill, was the 13th largest. Both had effective national networks of branches and this is all the more so for the new society, the seventh largest building society in Britain.

I am sure you will appreciate that a society of such size—with assets of over £1.4bn has more than a "local" flavour. Further, your correspondent refers to 33,000 "transactions," but this should read "properties." "Transactions" would of course run into millions. These properties mortgaged to the society were spread throughout the country, and our annual property report has broken these down into areas for more detailed comment.

C. P. E. Moreton.
Anglia Hastings and Thanet Building Society,
Moulton Park,
Northampton.

Promises—promises

From the Executive Director, Marketing Improvements.

Sir,—It has long been my wish that those responsible for the national advertising campaigns of major companies would adopt the principle I have tried to instil in marketing training. "Let your products always perform better than the promises you make for them in your advertising." As we leave 1978—probably one of the worst in terms of respect and credibility as far as politicians are concerned—could they be inspired by the same principle.

Sometime during this year are going to be at the receiving end of a barrage of political promises. Judging by the past, few are likely to be kept.

John Lidstone.
Ulster House,
71, Ulster Terrace,
Outer Circle,
Regents Park, London.

A record price rise?

From Mr. P. J. Yates

Sir,—Among our office stationery, we have some applications for office copies of documents addressed to H M Land Registry, printed in 1973 and detailing a fee of 20p for office copies covering register entries only. A recent telephone call to our local Registry revealed that the price now for such documents is £2.25, which I calculate to be a 1125 per cent increase in just five years.

I recall a letter in the Financial Times in 1976 concerning an increase in postage costs of 600 per cent in five years, but I would think that the Land Registry now holds the new record for price escalation over a five year period.

Peter J. Yates.
103, North Downs Road,
Addington,
Croydon, Surrey.

Increases in the rates

From Councillor John Gouldbourn.

Sir, — You say (January 2) Stockbrokers Wood Mackenzie is challenging the Treasury's estimate of the likely public sector borrowing requirement from April. Also Paul Taylor on December 29 reports "some local government treasurers have talked about rate increases of 30 per cent or more."

Absence of nationwide journalistic comment on county and district rate processes in the past three weeks has muted the alarm normally expressed by discerning councillors throughout the land at this time of the year. The shift in the rates support grant, while benefiting some counties and districts, will not lead to any reduction in the total demand on central government. Without a shadow of doubt, county demands will be increased to cover the loss of the needs element, without any compensating savings, and the total PSBR in respect of local government services will be increased or transferred to local government debt.

The Laing and Cruickshank forecast (also January 2) is the most likely, if my county council's estimates, pitched at the middle of the so-called "county treasurers' league table" are proportioned over the others in the list. Inflation by next autumn will be between 13 and 14 per cent, by applying all previous impost and price projections to present estimates of local official expenditure.

European monetary system cannot change the relentless impact of national dearness in taxes and prices, but only a reversal of those practices, a course which the official mind is not willing to comprehend because of deep vested interests.

John Gouldbourn.
6, Queen Mary Avenue,
Lytham St. Annes.

Today's Events

GENERAL

Two-day summit meeting opens between Mr. James Callaghan, UK Prime Minister, President Jimmy Carter of the U.S., President Valery Giscard d'Estaing of France, and Chancellor Helmut Schmidt, West Germany, on the French Caribbean island of Guadeloupe: no set agenda, but subjects expected to be discussed are East-West relations; Strategic Arms Limitation Talks; developments in the Middle East, including Iran and Turkey; and the position in Africa.

London Chamber of Commerce top-level trade mission begins three-week visit to Singapore, Malaysia and Thailand, supporting the present tour of those countries by Mr. John Smith, Trade Secretary.

Sir Kenneth Cork, Lord Mayor of London, at luncheon with chairman of British Insurance Association, Aldermary House, Queen Street, EC4, 1 pm: in the evening the Lord Mayor attends Planning and Communications Committee Dinner, Guildhall.

Mayors and City of London Court to consider lead in petrol damage to health claim by three children against BP, Shell, Associated Octel and Ford Motor Company, Basinghall Street, EC4, between 2 pm and 4.15 pm.

COMPANY RESULTS

Final dividends: Robert H. Lowe, J. F. Nash Securities. Interim dividends: Samuel Heath and Sons. Howden Group. Knott Mill. Schelsinger American Investment. Stavert Zigomala and Co. (Holdings). Stead and Simpson.

COMPANY MEETINGS

Atlanta Baltimore and Chicago Regional Investment Trust, 20, Birchin Lane, EC, 12.30. W. J. Pyke, Winchester House, 100, Old Broad Street, EC, 12.

Fodens slumps midway and sees poor result

PROFITS OF Fodens slumped from £1.29m to £98,000 in the 28 weeks ended October 14, 1978—the second half results should be better, the directors say, but they cannot now expect a good year.

The first half result last year was followed by a buoyant second six months resulting in a record £2.84m for 1977-78.

The directors say the group's recovery in the past two years has relied extensively on exports and specialised vehicles. During the first half this year, exports have been very low due to the absence of demand from the Middle East and this has also affected the sale of spare parts in these markets.

In addition, few deliveries of specialised vehicles have been made because of a gap in contracts. The financing of stocks of export vehicles held for longer periods than usual is reflected in the level of interest charges.

Introduction of the new S10 cab, made entirely in the group's own works has been costly and inconvenient. This cab is vital for planned increase in home market share and is now in full production.

The UK market is still very active. Deliveries of substantial quantities of specialised vehicles are now taking place but there is so far little improvement in exports of vehicles and spare parts.

However, the Board is all set to go and expects results of all the efforts of the past few years to show through in 1979 and onwards.

	First half 1978 £000	1977 £000
Turnover	23,222	25,590
Trading profit	709	1,873
Interest	611	553
Profit	98	1,290
Tax	—	25
Minorities	22	12
Exchange loss	8	9
Extraord. debit	—	38
Attributable	112	1,206

See Lex

F. Tomkins warns on margins

AS FORECAST pre-tax profits of F. H. Tomkins were ahead at the half-way stage, but the chairman warns of continuing pressure on profit margins.

For the six months to October 31, 1978, turnover went up from £7.44m to £8.75m and pre-tax profits from £656,000 to £717,200. Tax takes £375,100 (£349,400). Last year pre-tax profits were a record £1.77m.

But the chairman points out that the results reflect the pressure on profit margins, to which he referred at the annual meeting. It is impossible to be optimistic about the prospects for bright drawn steel and bolt and nut manufacture for the remainder of the year.

He adds that every effort is being made to maintain market share in the face of increased competition from the UK and Europe, but inevitably this will involve the continual sacrifice of some profit margin.

The interim dividend is lifted from 0.35p net to 0.5p per 5p share. The final last year was 0.61755p. The interim increase is to give effect to the proposed addition to the final dividend which was frustrated by dividend restraint, and to reduce disparity.

Linfood ahead and seeing benefits from acquisition

INCLUDING results from Wheatsheaf Distribution and Trading since its acquisition on May 23, 1978, pre-tax profits of Linfood Holdings rose from £2.95m to £3.5m for the 28 weeks to November 11, 1978. Sales were substantially higher at £419.6m compared with a previous £174.4m.

The directors state that current trading results are beginning to reflect the benefits of the merger with Wheatsheaf. The merger, they say, is proceeding satisfactorily and will enable the group to expand from a position of strength in the market place.

As expected profits for the whole of the 1977-78 year were down from a record £5.81m to £5.16m, which included a £450,000 release of a provision relating to Merchandise Promotions.

An unchanged interim dividend of 3p net per 25p share is announced, last year's final payment being 6.3868p.

	28 weeks 1978 £000	1977 £000
Sales	419,602	174,447
Trading profit	4,571	3,217
Interest	1,071	270
Pre-tax profit	3,500	2,947
Overseas tax	61	—
Minorities	29	—
Conv interest	547	—
Attributable	2,863	2,947

Due to the operation of accelerated capital allowances and stock relief, no UK corporation tax is expected to be payable on the profit for the period.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Birmingham Pallet	4.25	Mar. 5	4.1	6.25	5.6
Hollis Bros. ......int.	1.3	Feb. 26	1.18	—	4.49
Linfood Hldgs. ......int.	3	Feb. 19	3	—	9.39
F. H. Tomkins ......int.	0.5	Apr. 2	0.35	—	0.97

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Akroyd chairman says jobbers are inhibited

If jobbers' trading expertise is to be allowed to play its part in the growing international markets, a reconciliation must soon be found between the overriding need to retain the existing competitive jobbing system in the UK domestic market and the trading freedom required to compete on equal terms with the market makers in the foreign securities markets.

This is claimed by Mr. David H. LeRoy-Lewis, the chairman of Ayroyd and Smithers, in his annual statement.

He says that the development of trading by jobbers in foreign securities is inhibited by the present Stock Exchange rules and regulations.

n The Traded Options market was established by the SE last April and is more active than was expected, Mr. LeRoy-Lewis says. Being in London has so far prevented a market in trade options in UK securities being developed by the European Options Exchange in Amsterdam, he adds.

In such an event he feels there would be a real danger of fragmented markets in the underlying securities being established there, thus reducing the efficiency of the centralised market here for UK securities.

Despite recovering from a mid-term deficit, Akroyd finished the September 29 1978 year well behind from £15.51m to £107,000 at the pre-tax level.

In an announcement with the year's results the directors said that trading in the current year to date had resulted in a return to a more reasonable level of profitability. The chairman,

HIGHLIGHTS

Lex looks at the recent wave of mergers with more than £400m of them now pending. Fodens has hit a nasty pothole in the first half but is optimistic about next year. Linfood's figures are better than expected and the shares rose 13p to 139p yesterday, but the results may be worse than they look. Finally Lex takes a look at Mercantile Credit's balance sheet which shows the effects of the big expansion of leasing business. Elsewhere, Howden has come up with an impressive first-half rise, though the usual heavy bias towards the closing six months may be absent this time round.

Record profit for Mercantile Credit

BY MICHAEL LAFFERTY

LOW interest rates in the first half helped Mercantile Credit, the finance house owned by Barclays Bank, to reach a record pre-tax profit of £32.9m in the year to September 30, 1978.

This is more than 80 per cent better than last time, but almost two-thirds of the improvement arose in the six months when interest rates were particularly favourable.

The profits boost was also assisted by "considerable growth" in Mercantile's industrial and consumer divisions. However, though substantial benefit came from the consumer spending boom, Mercantile's chairman, Mr. A. Victor Arey, says the company was not able to exploit this to the maximum because of Government restraints, including the Bank of England's request to give priority for lending to industry.

One area where Mercantile has achieved particular growth is in industrial leasing, and car leasing in particular. Equipment on lease increased 40 per cent in the year to £512.4m, at cost values. A third of this increase could be accounted for by car leasing.

Mercantile Credit has provided full deferred tax in the accounts. This arises almost totally from accelerated capital allowances on leased equipment. Mercantile says it is still in discussions with Barclays as to whether it should go on making full tax provision.

In general, however, the finance houses are believed to feel that full deferred tax accounting is essential to their business. But some of the clearing banks may take an opposite view.

Mercantile is not expecting the current year to come anywhere near last year's growth levels. Interest rates in the first four months of the year to date, based on Finance Houses Association base rates, have averaged 10.9 per cent. This compares with 6.1 per cent in the same period last year.

Yesterday's annual report shows that the number of Mercantile Credit employees receiving salaries between £15,000 and £17,500 increased from 1 to 16 in the year; the number receiving salaries in the band £12,500 to £15,000 is up from three to 20.

See Lex

Half-year jump at Cantors

PRE-TAX PROFITS at Cantors, retailer of general house furnishings, carpets and bedding, for the half-year to October 28, 1978, jumped from £131,000 to £341,000.

After tax of £22,000 (£21,000) and exceptional gains on property disposals of £362,000 (£48,000), earnings per 20p share are shown to have risen from 1.58p to 4.65p. The net interim dividend is effectively raised from 0.75p to 0.825p. Last year's total payment was equivalent to 2.055663p from pre-tax profits of £520,000.

Turnover was up from £8.49m to £8.74m, in line with the improvement in trading begun last year.

Pre-tax profits were struck after depreciation of £158,000 (£157,000) interest of £121,000 (£103,000) and provision for deferred profit and collection costs of £160,000 (£244,000).

ICL sees continuing need for heavy investment

CONTINUED GROWTH in both turnover and profit is expected at ICL this year, Mr. T. C. Hudson, the chairman, says in his annual report.

This is provided there is a competitive level of inflation, reasonable stability of sterling and continued improvement in industrial relations, says Mr. Hudson.

If the group is to take full advantage of the buoyant world market for computers, a continued heavy investment will be needed in many areas of the business.

This includes new production facilities, extensive staff training and additional marketing expenditure as well as a continuing high level of research and development expenditure.

Turnover for the year to September 30, 1978, at £509.4m was 22 per cent higher than in 1977. The profit before tax grew by 24 per cent to £37.5m, and this growth, together with a low tax charge, resulted in a 46 per cent increase in attributable earnings to 79.42p per share.

Revenue from maintenance, applications software, facilities management, computing bureaux and education and training services continued to increase rapidly. It is expected to contribute a still larger proportion of total turnover in future years, the chairman says.

Orders taken in 1978 were more than one-third up on the previous year. Order targets were substantially exceeded in value terms for most products while about half the new orders came from the UK and half from overseas.

The value of orders for medium and large 2900 Series systems doubled, with two new systems—the 2950 and the 2976—making a significant contribution.

Another area of major strength was in communications equipment, including special and general purpose terminals, where business was also twice the value taken in the previous year.

Net worldwide cash balances of £23.2m at September 30 were more than double the level reached a year earlier. However, cash requirements fluctuated appreciably during the year and led to a substantial increase in interest charges.

Capital expenditure reached £68m, reflecting planned programme for growth. Major areas of investment were the continued build-up of the rental base, a significant investment in automated test equipment and the provision of several new office premises round the world to meet marketing growth.

The investment programme also included commitment to the construction of two large new factory units in Manchester. But the group's own financing of rental equipment fell below target for the year; it is hoped to make up for the shortfall in 1979, the chairman stated.

With few exceptions, all overseas teritories were profitable in 1978, and in particular, ICL in Canada made considerable progress towards profitability in the U.S., marketing operations are not yet profitable although the U.S. subsidiary showed an overall profit because of its manufacturing operations at Utica, New York.

A loss occurred in Finland, and action was taken to rectify the difficulties.

Mr. Hudson adds that essential to group objectives is the further development of business in continental Europe which was significantly strengthened by acquisitions from Singer.

"We shall continue to press the European Economic Community for a positive policy of encouraging and strengthening the European owned and controlled computer industry."

The Plessey Company holds 24.42 per cent of the group's capital, the National Enterprise Board, 24.42 per cent and other shareholders (some 10,850) hold 51.16 per cent. Meeting, Purcell Room, South Bank, S.E., January 31 at 11.30 am

Howden Group on course for appreciable full year increase

REPORTING AN upsurge in pre-tax profits from £1.56m to £2.87m in the six months to October 31, 1978, Sir Norman Elliott, chairman of Howden Group, says he expects full-year results to show an appreciable increase over last year's £4.9m and that earnings per share will further improve.

Although in recent years some two-thirds of pre-tax profits have arisen in the second half, in the current year a more even distribution between the two halves is expected.

At the time of the rights issue in August a total dividend payment of 4.7p (4.0873p) was forecast. The board intends to declare an interim of 2p in March.

Acceptances for the issue were received for approximately 96 per cent of the shares offered.

After tax of £1.42m (£0.82m) for the first half and minority profits of £70,000 (£255,000), reflecting the elimination of minority interests in Howden Canada from November 1, 1977, and Howden Group South Africa from September 1, 1978, the attributable balance emerges ahead from £0.49m to £1.38m.

Sir Norman reports that some notable power station orders have been won. Howden Canada in collaboration with BBC Brown Boveri of Switzerland is to supply the turbine generator units for Ontario Hydro's Darlington nuclear station and Atikokan coal-fired station. Howden Canada's share of these orders is approximately £60m. James Howden and Co. Australia Pty. has received an order for pollution control equipment worth some £28m from the Electricity Commission of New South Wales for Eraring. In the UK, James Howden and Co. are to supply air preheaters for Drax power station.

The company operates as an engineer and a specialist in design and manufacture of air, gas and fluid handling equipment.

● comment

Favourable timing of contract completions and further recovery at two subsidiaries put Howden Group's 84 per cent pre-tax profits increase more fully into perspective. Nevertheless it is a good performance and also reflects better results from the less troubled parts of the company. Howden Holima Refrigeration, which in the year to April 1977 turned in a trading loss of £1.7m., has finally broken back into profit following the severe cutback of its activities. Howden Compressors, which was only breaking even in the comparable period, is now making a useful profit. While the Canadian subsidiary, where contract completion delays, low margins and a weak Canadian currency had held back growth, is now seeing a significant improvement. Looking ahead profits for the full year could reach £8½m but the most encouraging sign must be the promising order position. Proceeds from the recent rights issue are still on deposit, and with liquidity continuing healthy the company has plenty of scope to expand. No major plans, however, are at present in the pipeline. The shares have had a good run of late and at 90p stand on a prospective fully taxed p/e of 5.7 and yield just under 8 per cent.

Birmingham Pallet doubled

INCLUDING a temporary employment subsidy of £56,765, which ceased in May, 1978, pre-tax profits of Birmingham Pallet Group, engineering concern, virtually doubled to £278,310 for the year ended October 31, 1978, against a previous £142,058.

At the halfway stage the directors had reported an advance from £93,000 to £121,000 in profits and expected second-half figures to be similar to those of the first.

Earnings are well up at 12.78p per 10p share compared with last year's 6.85p and the dividend is stepped up to 6.25p (5.6p) net with a final payment of 4.25p.

	1977-78 £	1976-77 £
Turnover	3,206,153	2,828,372
Profit before tax	278,310	142,068
Tax	149,000	72,188
Net profit	130,310	69,870
Interim dividend	20,401	15,300
Final	43,352	41,822
Retained	66,557	12,748
Brought forward	545,336	—
Goodwill written off	83,166	—
Carried forward	528,727	545,336

BENLOX CAPITAL REDUCTION

The special resolution providing for the reduction in capital of Benlox Holdings was unanimously passed at an EGM yesterday.

Steps are being taken immediately by the company's solicitors to apply to the High Court for its confirmation to the capital reduction.

NEW LIFE BUSINESS

Substantial rise at Legal and General

A substantial increase in worldwide life and pensions new business last year is reported by Legal and General Assurance Society, the second largest life assurance group in the UK. New annual premium income rose by 12 per cent to pass the £100m mark reaching £100.4m against £89.5m. New single premiums were 40 per cent higher at £29.8m against £21.3m.

The group, the largest pensions company in the UK, benefitted from the start last April of the new state pension scheme. New annual premiums for company pensions and group life business, excluding small pension arrangements, jumped by 15 per cent to £64.4m from £55.9m while single premiums advanced marginally to £18.9m from £18.1m.

But Mr. Ron Peet, the chief executive of L and G, pointed out that this did not represent the complete growth picture for 1978. Additional premiums arising from new schemes and from alternations to existing schemes had risen sharply in 1978 to £28.8m from £7m. There had also been substantial premium growth resulting from salary increases and business expansion. But the full benefit of this would not accrue until this current year, 1979, because of the delays involved in documenting the exceptionally large number of scheme alterations. Thus the real pension growth last year was very much understated.

New annual premiums received by Pensions Management the group's managed fund subsidiary showed a 57 per cent rise in annual premiums to £22.8m from £14.5m, but a reduction in single premiums to £8.2m from £9.7m. The assets of this fund, which was launched only eight years ago, have now passed the £1bn mark. The mixed fund of equities and fixed-interest totals £529m, the property fund £418m, the equity fund £33m and the fixed-interest fund £39m.

On the individual new life business in the UK, new annual premiums advanced by 31 per cent to £21.2m from £16.2m. Business connected with mortgage repayment was good and the company's drive for self-employed pensions contracts was successful with new annual premiums rising 80 per cent to £2.35m. Single premium business jumped to £9.9m from £2.5m—this growth coming from the group's unit linked life assurance subsidiary, which started business at the end of 1977. Last year it transacted £7.9m of single premium and £800,000 of annual premium business.

Overall, worldwide individual new life business advanced to £30.4m from £26.6m in respect of annual premium business and single premiums totalled £10.5m against £2.8m.

These figures do not include the results of Legal and General's reinsurance subsidiary, Victory Insurance.

The Victory Insurance Company, a subsidiary of Legal and General, reports a 32 per cent increase in 1978 in new sums assured amounting to £882m against £667m. New annual premiums were slightly higher at £3.8m compared with £3.3m, while new single premiums improved significantly to £8.6m from £6.7m.

Redman Heenan looks for useful advance

IN HIS annual statement Mr. Angus Murray, chairman of Redman Heenan International, says that the outcome of the current year should show a useful advance on results achieved last year, when pre-tax profits totalled £2.8m compared with £2.53m.

The group intends to pursue the search for suitable acquisitions to underpin its growth prospects, Mr. Murray adds.

Commenting on prospects, he says RHI intends to maintain its capital investment programme, to continue with the development of new products and to break into fresh markets.

During the year under review, capital expenditure amounted to £1.12m while a further £0.63m was committed for completion early in the new year. This programme principally involved the installation of sophisticated machine tools and other plant modernisation measures, plus extensions to existing capacity.

Since the end of the year, £720,000 has been spent on the acquisition of land at Blackpole, Worcester, as part of a longer term plan aimed at facilitating the future expansion of group companies already based in that locality.

Excluding this item, further investment in excess of £1.5m is planned for the current year.

During 1978, the group pushed up its exports by 7 per cent to over £11.5m. Overseas sales now represent 33.6 per cent of total turnover. Notable increases were scored in exports to the EEC, the rest of Europe and the Middle East.

Reporting on the activities of the operating companies within the group, the chairman points out that last year was the first full year in which P.V.H. Engineering's results were reflected in RHI's figures. Both turnover and profit of P.V.H. were better than planned with significant overseas orders received during the 12 months from the Middle East and the Soviet Union.

Redman Fisher, among others, also achieved another highly satisfactory year with turnover climbing to £9.2m (£8m), largely as a result of higher sales abroad.

Froude Engineering made further headway, mainly as a result of determined marketing efforts in the Middle and Far East. At the same time steps were taken to achieve a greater penetration of the North American market.

In addition a £3m test facilities contract was won for the new Ford engine plant at Bridgend. During the year a new low speed hydraulic dynamometer for testing marine engines up to 100,000 H.O. was launched for which four orders have already been received.

Meeting, Connaught Rooms, W, on January 31, at noon.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Schlesinger American Investment, Stead and Simpson.

Finals:—Robert H. Lowe, J. F. Nash.

FUTURE DATES

Interims:—	
Amber Day	Jan. 17
Magnet and Southerns	Jan. 17
Ratners (Jewellers)	Jan. 9
Scottish, English and European Textiles	Jan. 24
Stroud Riley Drummond	Jan. 11
Finals:—	
Eurotherm International	Jan. 10
Gough Cooper	Jan. 17
Grange Trust	Jan. 12
Hickson and Welch	Jan. 11
Meggitt Holdings	Jan. 15
SGB	Jan. 18
Sidlaw Industries	Jan. 12
United States and General Trust	Jan. 17

Car industry unrest hits Avon

WITH MORE than half of its business related to tyres and other vehicle components, Avon Rubber Company's results have been severaly affected by industrial problems in the UK car industry in the early months of its current year, says Lord Farnham, the chairman, in his annual statement.

However, with the policy of reducing dependence on the UK car industry being maintained and good progress made in obtaining more overseas business, the domestic market now accounts for less than 40 per cent of turnover.

As already reported, pre-tax profits fell from a record £5.42m to £4.41m for the year to September 30, 1978, on turnover of £119.87m (£108.03m).

In spite of its many difficulties, last year saw further growth in the group's development plans, Lord Farnham says.

A number of new projects were completed and more commenced aimed at improving and enlarging production space and modernising plant and equipment. These developments will assist materially in increasing future profitability, the chairman states.

He adds that the recently acquired Avon Lippiatt Hobbs will contribute significantly to profits in the current year, in line with the directors' policy of strengthening Avon's position outside the automotive field.

A deterioration affecting the trading performance in some major markets became evident in the second quarter of the 1977-78 year, Lord Farnham reports. Severe competition, from over-production and cheap imports affected the tyre business in particular and in the latter part of the year, domestic automotive industry unrest frequently disrupted production and caused periods of inefficient working at Bradford-on-Avon and at Melksham.

Business with automotive manufacturers outside the UK has continued to grow, however, and the consistency of their requirements together with the growth of other parts of the group's business has reduced the shortfall in results.

Despite the extremely difficult conditions in the tyre industry, the policy of Avon Tyres of developing new markets and pursuing its specialisation programme has enabled it to remain profitable.

Meeting, Melksham, January 22.

Hollis Bros. look for profits rise

IMPROVED profits for the year are forecast by Hollis Bros. and E.S.A. which reports a pre-tax surplus of £1m, against £1.03m at the halfway stage.

The Board says the second half appears stable and anticipates an improved profit for the full year. Last year the group turned in pre-tax profits of £1.56m.

The maximum permitted dividend for the year is also anticipated after an interim of 1.298p (1.18) net per 25p share. Last year's final was 3.3086.

The pre-tax figure was struck after interest of £541,000 (£510,000). Tax is £483,000, against £492,000.

Peachey may redevelop Park West block

Peachey Property Corporation is considering whether any redevelopment programme for its 540-flat Park West apartment block is feasible, Lord Mais, the chairman, told shareholders at yesterday's annual meeting.

If such a scheme did not look appropriate then Park West would be sold, and the proceeds reinvested. Meanwhile the group was considering a number of approaches from interested parties who would purchase the whole of the Park West block.

As to the likely outcome Lord Mais said that it would be "a close run thing at this stage" as to whether the group decided to sell Park West or redevelop.

But he said the group was negotiating a possible sale arising from "two responsible bids."

So far the group had seen two bids to buy the block fail and last November took the property off the market.

It recently bought the freehold on Park West from the Church Commissioners.

NO PROBE

The acquisition by the UBM Group of certain motor dealer subsidiaries of the Hodge Group is not to be referred to the Monopolies and Mergers Commission.

MINING NEWS

Falconbridge raising Canadian output

BY KENNETH MARSTON, MINING EDITOR

IN A SURPRISE move yesterday **Falconbridge Nickel**, Canada's second largest producer of nickel after Inco, announced that it plans to restore production at its Sudbury, Ontario, mines by about 10 per cent. This will mean the recall of some 250 of the workers who have been laid off over the past two years as a result of the production cutbacks made necessary by the weakness of the nickel market.

The Sudbury mill, which is currently operating on a five-day week, will gear up to seven-day operations in the second half of this year. Mine operating plans for 1979, which are based on current conditions and production needs, include the maintenance of full output rates at the Falconbridge and Strathcona mines.

Production at the Onaping mine at Sudbury is to be resumed while development work at the Fraser will be continued in order to reach production by 1981. At the Sudbury East property work is to be gradually increased to permit full output there by 1980 if conditions are favourable.

The planned increases in production, however, will still leave the Falconbridge group as a whole operating at well below capacity; in April last year the operations in Canada and Norway were limited to about 50 per cent of capacity while the mine in the Dominican Republic was running at only 45 per cent.

STEADY OUTPUT AT GOPENG

STEADY OUTPUT AT GOPENG

The Malaysian tin producer **Gopeng Consolidated** maintained a high level of tin concentrate output in December. The production figure of 183½ tonnes brings the total for the first three months of the current financial year to 492¼ tonnes compared with 430 tonnes in the same period of the previous year.

On the other hand, **Tanjong**, although boosting output last month to 18 tonnes, showed a substantial shortfall in the year to December 31. Output for the 12 months comes out at 190¼ tonnes compared with 235½ tonnes for 1977.

The 214¾ tonnes produced by Idris in the 12 months to December 31 compares with 301¾ tonnes produced in the previous year, while in the first three months of the current financial year Pengkalen has produced 23¼ tonnes against 32 tonnes in the same period of the previous year.

	Dec. tonnes	Nov. tonnes	Oct. tonnes
Gopeng	163½	163¼	165½
Tanjong	18	14½	12
Idris	18¾	18½	18
Pengkalen	7¾	7½	8½

NURANDA GROUP'S C$6M OIL DEAL

Canada's **Brenda Mines**, a 51 per cent-owned subsidiary of Noranda, has entered a C$6m (£2.48m) oil and gas exploration programme in Alberta with the privately-owned **Sulpetro** company. Brenda will be able to earn 50 per cent of Sulpetro's interest in 60,000 acres by spending C$6m on seismic work and drilling over the next 15 months.

The cost is to be shared two-thirds by Brenda and one-third by **Mattagami Lake Mines**, which has recently agreed to merge with Noranda through an exchange of shares on the basis of one Noranda for 2¼ Mattagami.

Brenda, which operates a copper-molybdenum mine in British Columbia, has also acquired, in a separate transaction with Sulpetro, an interest in 15 closed-in gas wells in Alberta for C$1.2m subject to revaluation next November. Proven and probable reserves on these properties are estimated at more than 7bn cubic feet.

ISRAEL'S 1978 GEM EXPORTS

ISRAELI EXPORTS of polished diamonds in 1978 amounted to $1.32bn (£645m), compared with $1,002m in 1977, reports our Jerusalem correspondent. However, the 31 per cent rise was less than that in the price of roughs during the period. Thus the quantity of stones sold abroad fell in terms of carats.

Moreover, the decline in sales became more marked towards the end of the year as the price rises for roughs were passed on to the polished stones.

The December exports of $103.4m were only 10 per cent higher than those of December 1977. An exception among Israel's traditional markets was Japan which doubled its purchases in 1978 as compared with the preceding year.

MINING BRIEFS

BISICHI-JANTAR—November output (tonnes): tin 20.32, columbite 21.61. Eleven months to date: tin 319.87, columbite 300.94. Same period last year: tin 382, columbite 357.70.

EX-LANDS NIGERIA—Production of tin ore for November 28 tonnes.

PAHANG CONSOLIDATED—Output of tin concentrates produced and sold for December 127 tonnes (November 127 tonnes).

PETALING TIN—December output 121¾ tonnes (November 121¾ tonnes).

BISICHI-JANTAR (NIGERIA)—Production of tin concentrates in November 1978 was 20.32 tonnes, bringing the total for the first 11 months of the financial year to 319.87 tonnes; columbite production in November was 21.61 tonnes, bringing the total for the first 11 months to 300.94 tonnes.

New unrest at Namibia mines

THREE MINES in Namibia (South-West Africa) have been affected by unrest among their black mineworkers in the wake of last week's strike by 2,000 migrant labourers at **Rio Tinto-Zinc's** big Rossing uranium mine, reports Quentin Peel from Johannesburg.

Although mining company officials maintain there is no evidence to link the disputes to political action inspired by the South West Africa People's Organisation (SWAPO), the principal nationalist movement in the territory, Pastor Cornelius Ndjoba, president of the anti-SWAPO Democratic Turnalle Alliance, and Chief Minister of Ovamboland, yesterday claimed that the chain of events "clearly shows that some agitation is afoot."

In one dispute, where more than 200 black mineworkers refused to work at the Krantzberg Tungsten mine near Omaruru, the workers were simply sent home to Ovomboland by the management, and replacements are currently being recruited. White workers at the mine, owned by **Noord Mining**, are reported to be working extra shifts to maintain production.

At the UIS tin mine, owned by the **South African Iron and Steel Corporation** (ISCOR), four company officials have arrived from Pretoria to negotiate with representatives of some 300 striking workers.

Negotiations are also under way at the Tsumeb copper mine, part owned by **Newmont** and **Amax**, where the black workers are also reportedly unhappy with their pay rates, but no strike action has been taken there.

Mining industry sources in Windhoek say that recent statements on the implementation of equal pay for equal work in Namibian industry and public service could have sparked off the dissatisfaction.

Negotiations are still under way at Rio Tinto Zinc's Rossing mine, where the workers went on strike over the implementation of new unified pay scales which intended to be a non-racial basis.

Two lawyers and a clergyman who worked with the Rossing miners, and who were known to belong to Swapo—including Pastor Festus Naholo, Secretary for Foreign Affairs of the movement—have since been detained by security police following a bomb explosion in the nearby coastal town of Swakopmund.

BIDS AND DEALS

RTZ pays £6m for United Sterling

IN A deal thought to be worth around £6m cash **RTZ Chemicals**, a wholly owned subsidiary of Rio Tinto-Zinc Corporation, has agreed to purchase the privately owned United Sterling Corporation.

Products manufactured by USC include polystyrene, thermosetting plastics, adhesive papers and labels and fluorescent pigments.

The Cheshire based company employing around 900 people generates annual sales of around £30m.

USC has a net asset value according to RTZ of about £5.7m.

TILLING U.S. DEAL WORTH $19M

Thomas Tilling has now completed the acquisition of **D. L. Saslow Company Incorporated**, distributor of dental equipment and supplies with headquarters in Chicago.

The consideration was some U.S. $19m and marks a further development in the expansion of Tilling's interests in the U.S.

Saslow's audited group profits before tax in 1977 were $3.8m and net sales $54.9m.

C. T. BOWRING

C. T. Bowring and Co. the insurance broker has formed a new wholly-owned subsidiary named C. T. Bowring Underwriting Holdings to which it is transferring all of the group's shareholdings in insurance companies and underwriting agencies with the exception of Crusader Insurance Company, which is primarily a life company, and C. T. Bowring (Underwriting Agencies), the Lloyd's agency.

The new company has authorised, issued and paid-up capital of £2m.

NORWEST HOLST

Charles Hill of Bristol has sold to Norwest Holst its building and civil engineering contracting subsidiary, Nott Brodie and Co. for a nominal consideration.

In the six months ended June 30, 1978, Nott Brodie incurred a loss of £560,000. Since then losses have continued, although on a much reduced scale. At December 31, 1977, Nott Brodie had net assets of £144,000 which have been reduced since by the loss for the year.

Nott Brodie has been sold after the injection of two interest free loans of £33,000 and £463,000, the first of which is non-recoverable. However Norwest Holst has agreed to pay to Charles Hill 50 per cent of claims and similar payments which may be receivable over the next two years in respect of work done prior to December 31, 1978.

In addition Charles Hill has given certain warranties which might result in payments having to be made by it to make good any deficiencies not adequately provided for. The surplus, if any, arising from these arrangements will be used to repay all or part of the second loan.

The directors of Charles Hill believe that the disposal will strengthen the group and enable it to concentrate on making the most of its profitable activities and interests.

Bishopvale has disposed of its holding of 621,957 ordinary shares representing 6.77 per cent of the equity share capital of Norwest Holst.

VAC ACQUIRES 71% OF GENERAL DIESEL

UAC International has acquired 71 per cent of the equity of **General Diesel Supplies** (Singapore) Pte. which itself owns General Diesel (Malaysia) Sdn. Bhd.

The two companies hold the franchise for diesel engines and transmissions manufactured by the Detroit Diesel Allison division of General Motors Corporation of the U.S. for Singapore, Malaysia and Brunei.

In support of the businesses in Singapore and Malaysia, UAC International has also acquired 71 per cent of the equity of Applied Technical Services of Colorado Inc. which provides a purchasing service in the U.S.

RAYNE BUYS CHELSEA COBBLER

H. and M. Rayne, a member of the Debenham Group, has acquired the Barrow Hepburn Group subsidiary **The Chelsea Cobbler**.

The business retails up-market ladies footwear and fashion accessories, with a smaller interest in men's footwear, from five shops in central London.

The cash consideration for the goodwill of the business and leasehold properties is £150,000. In addition, stock and fixed assets are being purchased at valuation.

ELLIS & EVERARD

Ellis and Everard, industrial chemical suppliers has acquired **R. W. Peck**, the swimming pool concern, in a £43,500 deal.

GRIMSHAWE

A rise in shareholders' funds to £581,518 is shown in the pro-forma balance sheet of Grimshawe Holdings after adjustment for changes made since April 30, 1978. The audited shareholders' funds before adjustment were £406,847.

Current assets are adjusted upwards from £1,681,507 to £1,933,550 and current liabilities downwards from £2,290,097 to £1,531,680.

The pro-forma accounts have been issued in a circular to shareholders giving details of the group's arrangements with the Midland Bank and the group's offer to sell holdings of 100 shares or less.

PHOTOMARKETS SNAPS UP 13 MORE OUTLETS

Photomarkets, the specialist photographic retailer backed by ICFC, has acquired a further 13 outlets through the purchase of Davis and Kays Photographics from the Jonathan Fallowfield group. The consideration is undisclosed.

COMPUGRAPHICS MINORITY AGAINST CANCELLATION

Minority shareholders of **Compugraphics International**, the 76 per cent owned subsidiary of Furness Withy which Furness is attempting to absorb, refused to allow the capital to be cancelled.

Furness made a £75,000 offer in October for the 24 per cent of Compugraphics it did not already own and applied to have the share capital cancelled under a scheme of arrangement. At a meeting of minority holders the necessary majority was not obtained.

ARMSTRONG EQPT. BUYS MORE SHARES

Armstrong Equipment, the automotive products and industrial fasteners concern which announced a £1.4m bid for **Anglo-Swiss Holdings** earlier this week, has bought a further 6,738 ordinary Anglo?-Swiss shares. This brings its total holding to 1.15m shares (44.4 per cent). Armstrong paid 54p a share for the latest purchase.

TRAVEL GROUP ACQUISITION

Hunting Lambert, the travel agency group jointly owned by Hunting Gibson and Hill Samuel, has acquired for cash F. W. Wiles Leave Cars (Berkshire), a Bracknell-based car hire company specialising in the needs of tourists and British expatriates on home leave.

SHARE STAKES

Vaux Breweries: The company has been notified of the sales of the following ordinary shares; Mr. P. E. R. Vaux, directer, 30,000 held beneficially and by Mr. P. E. R. Vaux and Mr. P. D. Nicholson, chairman, 13,480 held as trustee.

Cope Sportswear—G. M. Cope has sold 128,875 shares leaving holding at 4,007,104 (32.53 per cent).

Ductile Steels—Prudential Group holds 678,316 shares (5.28 per cent).

Birmingham Mint—Astra Industrial Group has bought further 17,500 shares, making holding 10.9 per cent of voting capital.

Midland News deal with Keith Prowse

The Keith Prowse theatre ticket business is to change hands. **Midland News Association**, which runs a chain of provincial newspapers and a travel business, has agreed to buy the ticket agency and Keith Prowse Business House Travel for £550,000 cash.

The Keith Prowse Organisation has guaranteed that the two businesses will have earned not less than £290,000 pre-tax profit in 1978.

Midland News, which runs the Express and Star (of Wolverhampton), the Shropshire Star and Shropshire Weekly Newspapers, says that the acquisition will strengthen its retail and travel division.

Keith Prowse Travel is not included in the purchase and will continue to trade as a wholly owned subsidiary of the Prowse organisation.

LEP AGREES TO BUY J. HADLEY

LEP GROUP, the international freight forwarder, has agreed in principle to acquire **Joseph Hadley Group**, whose main operating subsidiary is a Lloyds insurance broker. The price is undisclosed, but net assets of Hadley were approximately £200,000 in the latest audited accounts.

The Lep Group wants to expand its insurance broking activities, particularly in America where Hadley is strong. The main strength of Lep-Cannon, the group's existing Lloyds brokers, is in the U.K.

CEDAR ACCEPTS

The cash offers by **Lloyds and Scottish** to acquire the ordinary and preference capitals of **Cedar Holdings** have now become unconditional as to acceptances, which have been received in respect of 9,001,420 ordinary and 5,468,842 preference.

The remaining conditions have still to be fulfilled.

FRANCIS SHAW

Francis Shaw and Co., the Manchester-based manufacturer of machinery for the plastics, rubber and cable industries, has bought the entire goodwill and work in progress, including specialist hydraulic press product designs of **Bradley and Turton** for £275,000.

Bradley and Turton manufactures rubber moulding machinery and is part of the BTR group. It has an existing order book of over £400,000.

Bond Street Fabrics better

WITH pre-tax profits at £451,224 against £441,231, in the year to September 30, 1978, results of **Bond Street Fabrics** are satisfactory, states the Board.

This is particularly so in the light of the problems which the double jersey section was going through in June. At that stage the board considered it unlikely that results for the year would be as high as last time.

Turnover was down at £8.43m against £9.39m. At halfway, turnover fell from £4.59m to £4.39m but pre-tax profit jumped from £151,000 to £248,000. Tax payable stands at £230,401 (£230,793).

Dividend for the year is increased to 2.9p (2.6p) per 10p share, as already announced.

Gibbons will fight U.S. writ

To quell speculation about a $3m writ that it has had served on it (shortly after the announcement of the agreed bid by Letraset International), the world-famous stamp dealer **Stanley Gibbons** issued a statement last night.

Gibbons said that it had received a writ on anuary 2. It was served on the U.S. subsidiary Stangib and claimed "principally damages in respect of gross profits allegedly lost by the plaintiff (Greg Manning Inc.) on sales of Australian postage stamps in the U.S. since 1971."

The plaintiff has made a claim for damages which he estimates to exceed $1 in respect of loss of gross profits on such sales, and in addition claims punitive damages of $2m.

"The board of Stanley Gibbons are of the opinion that the alleged transactions which may have given rise to the claim would not have produced total gross profits in excess of $20,000 over the seven year period.

"The board have been advised that the plaintiff's claims are not justified and they have accordingly instructed their legal advisers to defend the proceedings vigorously."

DATEMA

Datema AB of Stockholm, Sweden, has acquired **Schroder Computer Services** from the Schroder Group. Last year Computer Services generated sales of £1.3m.

VONTOBEL EUROPEAN INDICES

14.5.76=100%

PRICE INDEX	4.1.79	28.12.78	AVERAGE YIELD	4.1.79	28.12.78
DM Bonds	104.56	104.28	DM Bonds	6.646	6.688
HFL Bonds & Notes	98.61	98.26	HFL Bonds & Notes	8.609	8.695
U.S. $ Strt. Bonds	95.63	96.86	U.S. $ Strt. Bonds	9.598	9.599
Can.-Dollar Bonds	96.58	96.00	Can.-Dollar Bonds	10.264	10.181

Borthwick confident at start of current year

There are good prospects at **Thomas Borthwick and Sons** for beef sales in the U.S., and for profitability in the group's retail meat operations, Dr. W. A. Bullen, the chairman tells shareholders in the annual report.

Coupling this with the growth of the flavours business in the UK, the coming year is faced with some confidence, the chairman says.

However, it is difficult to make short-term forecasts in the international meat trade, he states. One major factor is the falling number of cattle in the U.S. and Australia over the past three years.

In the U.S., this has meant increasing meat prices. In Australia on the other hand, shortening cattle supplies has meant the group having to pay higher prices for livestock.

The UK fresh meat slaughtering and wholesale operations are caught up in the malaise affecting this industry in Britain.

Excess slaughtering capacity in the industry is ignored by Government, farmer and consumer alike, the chairman says. "Government action in UK processing is becoming vital if we are to have a viable industry to compete within the EEC.

"We are striving to lessen the impact of our own adverse results by cost savings and judicious capital expenditure to put our best abattoirs in a favourable and competitive situation," says Dr. Bullen.

During 1977-78, arrangements were made for £23m of long term borrowings while net short-term borrowings increased by £4.3m.

The most significant capital expansion is at Mackay in Queensland, where the group is building a new beef facility at a cost of over A$4m. It will be completed by March 1979 and capacity at this works will be more than doubled.

New Zealand hygiene investment, to comply with EEC regulations, is necessary simply to stay in business. In 1978 about half the New Zealand division's capital budget was spent in this way, the chairman states.

More positive has been the building of a new flavours production unit for Barnett and Foster in the U.K. Also Midland Cattle Products have completed the new solvent development plant in Kent.

For the year ended September 30, 1978, profits before tax were £6.22m compared with £6.4m previously, from turnover of £512.16m against £405.4m.

A revaluation of group fixed assets by Herring Son and Daw amounted to £72m and after allowing for a further six months depreciation showed a surplus of £36m over book value. The Board has reduced the surplus to £21m in the accounts.

The revaluation will influence the profit and loss account through an increased depreciation charge. Although depreciation will increase next year by £1½m this is not as great as expected because the valuers have advised that the group has been overproviding for the expected life of some machinery and buildings.

It is the intention regularly to review the valuation of fixed assets and where the values change significantly to reflect the revised value in the accounts.

Meeting, 87, Bartholomew Close, E.C., January 29 at noon.

The purchase of a farm from a previous director of the company, Mr. Raymond Bloye, is announced for the first time in the directors' report. Borthwick paid £168,000 on August 23, 1978, for Brookwood Farm near Dorking, Surrey. The price was set by an independent valuer, said Dr. Bullen yesterday.

Mr. Bloye was a director of Borthwick for only five months, joining the Board when his own company, Matthews Holdings, was taken over in 1977. Brookwood Farm has provided facilities for a subsidiary of Matthews Holdings.

BANK RETURN

—	Wednesday Jan. 3 1979	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposit	28,601,435	+ 1,038,145
Sp'c'l Deposits	1,098,780,000	—
Bankers	433,895,005	+ 29,007,187
Reserves & Other A/cs	624,045,958	— 7,750,191
	2,199,875,398	+ 22,290,139
Assets		
Govt. Securities	1,784,746,087	+ 24,314,350
Adv. & Other A/cs	204,457,205	— 2,036,118
Premises, Equ & other Secs	172,779,123	— 3,416,181
Notes	27,671,614	+ 3,435,126
Coin	221,371	— 7,687
	2,199,875,398	+ 22,290,139
ISSUE DEPARTMENT		
LIABILITIES	£	
Notes Issued	9,225,000,000	—350,000,000
In Circulation	9,197,328,386	—353,436,126
In Bank'g Dept	27,671,614	+ 3,435,126
ASSETS		
Govt. Debts	11,015,100	—
Other Govt. Secs	8,201,851,519	—380,345,301
Other Sec'rities	1,012,063,381	+ 30,345,301
	9,225,000,000	—350,000,000

Pesenti empire to be reshaped further

By Rupert Cornwell in Rome

SPECULATION IS growing that Sig. Carlo Pesenti may be planning further moves to reorganise his financial and industrial holdings following the go-ahead for the sale of his 79 per cent stake in the Credito Commerciale.

As was the case with the purchase of Credito Commerciale by the State-controlled bank Monte dei Paschi di Siena for a reported L230bn ($277m) there has been no word from the camp of the Milan financier himself.

However, suggestions in Milan now are that he may proceed to reshuffle shares in the two master companies of the group: Italmobiliare, which embraces his banking and insurance interests, and Italcementi, which both controls the group's cement manufacturing activities and holds the entire L16bn capital of Italmobiliare.

There have also been some reports that Sig. Pesenti may be contemplating the disposal of the biggest single component of his banking empire, Istituto Bancario Italiano (IBI), of which Italmobiliare has 100 per cent control and which is one of the country's largest private sector banks with deposits in excess of L3,000bn.

Against this background of rumour, shares in Italcementi have more than doubled on the Milan bourse in the past six months to L22,800. On Wednesday alone the stock added 3.6 per cent or L800.

The reason for any such scheme is the pressure on Sig. Pesenti to sort out certain cross holdings within the group, which he controls thanks to a 37 per cent stake in Italcementi itself.

The empire is one of the largest in private hands in the country. While on the industrial front, Italcementi reported 1977 sales of L242bn ($501m), almost entirely from cement making, its banking and insurance assets are valued conservatively at about L1,800bn.

Rise in retail spending fails to benefit Karstadt and Kaufhof

BY GUY HAWTIN IN FRANKFURT

WEST GERMANY'S two largest department store groups — Karstadt and Kaufhof—report relatively disappointing 1978 performances. While there was a substantial rise in retail spending for the stores, it was channelled into relatively narrow sectors, such as the motor industry.

Karstadt, still heavily involved in digesting the Neckermann store and mail order group it acquired two years ago, reported a hefty increase in turnover. However, when adjustments are made for increased sales space, turnover in real terms fell marginally.

Kaufhof, the federal republic's second largest department store operation, saw turnover rise from 1977's DM7.08bn ($3.9bn) to DM7.38bn. Growth, however, was relatively lacklustre at about 4 per cent.

Because of Karstadt's situation with Neckermann, comparisons between the two concerns are scarcely fair. Neckermann was in weak shape when taken over, and early last year Karstadt made it clear that it would be 1979 at least before it expected to see its acquisition break even.

The report from Karstadt shows that the parent group's turnover last year, including value added tax, grew by 13.9 per cent to DM8.14bn. When allowances for increased sales space are considered, turnover actually fell by 1.5 per cent. But it should be remembered that most Neckermann department stores were transferred to the Karstadt operation and that this changeover has distorted both sales space and turnover figures.

Group figures — including Kepa Kaufhaus and the self-service Karstadt SB Warenhaus Gesellschaft—show turnover up 5.8 per cent to DM 8.89bn. Total employees rose by only 6.6 per sales space was up 10.4 per cent, while the total number of group cent to 66,400.

Turonver of Neckermann Versand, now the Karstadt mail order operation, amounted to DM 1.69bn. This is 27.6 per cent down on the previous year's figures, but in 1977 the Neckermann department stores sales were still included in the overall turnover figures. The

A breakdown of Kaufhof's sales shows the parent concern's 84 department stores returning a 1978 turnover of DM 5.6bn—2.6 per cent up on 1977. The 99 stores run by the more down-market Kaufhalle saw turnover rise 6.8 per cent to DM 1.5bn. Group sales space during the year rose by a marginal 0.3 per cent, while the work force ended the year at 56,900 employees compared with 53,200 at the mid-year mark.

Both companies saw their travel trade operations do well. Karstadt saw its newly-acquired N-U-R Neckermann-Reisen increase sales during the 1977-78 business year (ended October 31) by 19.2 per cent to DM 1.07bn. Kaufhof's travel business reported a turnover of DM 302m for the 14 months from November 1, 1977 to December 31, 1978. Unlike Karstadt, Kaufhof has aligned its travel trade business's financial year with the rest of the group, but for the old 1977-78 financial year (ended October 31, 1978) sales were 21 per cent up on 1976-77.

Ford Espana increases sales

FORD ESPANA, the Spanish subsidiary of Ford Motor of the U.S., has produced steady sale and production increases in the first nine months this year in sharp contrast with declines at SEAT, Spain's leading car manufacturer.

According to the industrial publication Fomento de la Produccion—Production Promotion — Ford Espana made 196,000 passenger cars in the January-October period compared with 138,000 in the opening nine months of 1977. In contrast, output at SEAT dropped to 205,000 from 261,000.

Production at Renault was roughly unchanged at 167,000 and a similar maintained level of output persisted at Chrysler Espana (with 71,000) and Citroen (with 77,000). Overall passenger car production in Spain in the nine months this year was 717,000 units, the same as in the first nine months of 1977.

Sales abroad of Spanish-made cars went up from 224,000 to 273,000, a 22 per cent increase, with Ford Espana leading the list with 143,000 compared with 98,000 the previous year. SEAT foreign sales rose to 61,000 units from 51,000. At Renault, sales outside Spain dropped to 36,000 from 38,000, with Chrysler slipping 13,000 from 17,000. Citroen's sales overseas improved 19,000 from 18,000.

Overall domestic sales by the Spanish motor industry dropped to 461,000 from 483,000. Again Ford produced the best performance with 50,000 units against 41,000 in 1977, followed by Chrysler with 59,000 compared with 54,000. SEAT sales dropped to 165,000 from 198,000 and Renault's to 128,000 from 130,000. Citroen's sales held steady at 57,000 units.

Fomento de la Produccion estimates that SEAT will incur a substantial loss this year. In 1977 the group returned profits of Pta 405m ($5.8m).
AP-DJ

McDonnell Douglas plans to diversify

By John Wyles in New York

MCDONNELL DOUGLAS is seeking acquisitions in the energy field in a strategic move to reduce its dependence on aerospace activities which currently account for 96 per cent of its sales.

Diversification has been part of the leading U.S. aerospace company's corporate plan for some years, but the approach has been highly cautious and acquisition targets limited to advanced technology companies with activities related closely to McDonnell's existing businesses.

However, Mr. Sanford McDonnell, president and chief executive officer, has revealed that both the tempo and policy of diversification may be expanded following the creation of a special department for developing a strategy. The probable vehicle for developing away from aerospace is the McDonnell Douglas Automation Company which is an outgrowth of the company's internal computer operations. Offering broad-based computer services, this subsidiary operates 63 sales offices and its 1978 sales are thought likely to approach 7 per cent of McDonnell Douglas's anticipated gross revenues of more than $4bn.

Last year McDonnell Douglas was unsuccessful in a bid to acquire Data 100 Corporation, a manufacturer of remote data processing terminal systems. "That was an example of the type of company we are interested in," said Mr. McDonnell.

He went on to stress his company's interest in expanding into the energy field where its existing activities are largely limited to solar power developments. "It's obvious we're in the era of high cost energy. We have expertise to offer in this area," he added.

He was optimistic about the outlook for aerospace operations but doubted that commercial airlines would maintain last year's unusually high order rate of close to $18bn of new aircraft. McDonnell Douglas is lowering its profile in the commercial aircraft sector, having decided not to try developing a rival design in the medium range 200-seat market to challenge Boeing and Airbus Industrie. However, orders for new aircraft last year were well above those booked by McDonnell in 1977 and the company's president continues to pin his faith on the potential for further developments of the DC10.

Further record revenues seen by U.S. film industry

BY DAVID LASCELLES IN NEW YORK

BOLSTERED by blockbusters like Star Wars and Grease, the U.S. cinema industry's box office receipts soared to a record $4.12bn last year, the Commerce Department estimates in its latest industrial survey. And with other big attractions like Superman now drawing the crowds, the department predicts a further 16 per cent rise in revenues this year to $4.78bn.

The once-ailing film industry thus seems set for a fourth year of rising revenues, following its agonies earlier this decade when several large companies had close brushes with bankruptcy.

Although the most spectacular smash hits have been high-technology science fiction films like Star Wars and Close Encounters of the Third Kind, analysts point out that the recovery is actually quite broadly based, including rock musicals like Saturday Night Fever, films with strong feminine themes like Julia, Woody Allen comedies, and nail-biters like Jaws.

The recovery has also been spread fairly evenly among the major film-makers. Twentieth Century Fox had Star Wars, Columbia had Close Encounters, Warner Communications Superman, and MGM Goodbye Girl.

Most of these major films have set new box office records during their first weeks of release. The latest to make this claim is Superman, which Warners said garnered box office receipts of $18.5m in its second week, the highest seven-day figure ever.

But the statistics show that the price being paid by the industry is a sharp reduction in the number of films made. In 1978, it is estimated, the major film-makers turned out fewer than 100 films, less than half the 1967 figure. Although this drop is to some extent compensated by the huge amounts now being spent on films ($50m on Superman alone), it marks an overall decline in activity.

Nor has the industry been immune from woes. The Begelman affair weakened Columbia Pictures and led to the firing of its president, Mr. Alan Hirschfield. This in turn exposed it to takeover interest from two quarters, MGM and General Cinema both of whom are currently trying to buy a 20 per cent stake in the company.

MGM itself, the entertainment major which came closest to the brink before being rescued by a spirited entrepreneur, Mr. Kirk Kerkorian, has undergone a big shake-up.

Its latest quarterly report published this week shows that just over half its revenues now come from hotels and gambling (mainly its operations in Reno and Las Vegas) and nearly half its film revenues from the licensing of television rights to Gone with the Wind to CBS for $35m, $30m of which is attributed to the last quarter.

Among the attractions for 1979 are follow-ups on both Butch Cassidy and the Sundance Kid, and Star Wars, a new scifi horror film Alien, and Franco Zefferelli's latest production, The Champ, starring Jon Voight and Faye Dunaway.

Founder of Hilton hotel world chain dies at 91

BY STEWART FLEMING IN NEW YORK

MR. CONRAD HILTON, founder of the world-wide chain of Hilton luxury hotels, died on Wednesday in Los Angeles at the age of 91.

Like his father, a Norwegian immigrant into the United States, Mr. Hilton was an entrepreneur whose career in the hotel business dates from 1907 when the family turned their general store in San Antonio, Texas, into an hotel in order to raise cash in the panic of 1907.

Mr. Hilton was then in his early teens and he really began his business career in 1919 after his army demobilisation.

He set off for Texas intent on buying a bank, but on his arrival in the booming oil town of Cisco he bought instead the run-down Mobley Hotel, which was the foundation of his hotel chain.

In the next ten years he built an hotel chain across Texas, but in 1929, as the great depression struck, credit dried up and the travel market slumped. Mr. Hilton hovered on the edge of insolvency, barely surviving from one week to the next in spite of closing floors in several hotels and removing telephones.

He emerged from the depression controlling only five hotels but the market for hotel properties around the country was seriously weakened and he was able to use profits from an oil venture to expand his hotel interests again.

He bought a succession of first-class big city hotels including the Sir Francis Drake in San Francisco and the Plaza in New York in the years leading up to the purchase in 1949 of the Waldorf-Astoria.

In 1964, the parent company spun off the international operation to its shareholders and in 1967 Trans World Airlines bought control of the business.

Cut in yield estimates as U.S. bonds rally

By Our New York Correspondent

DEALERS yesterday trimmed back their estimates of the likely yield on the new 15-year treasury bonds, as prices in the bond market generally rallied.

On Wednesday, the Treasury sold one-year bills at a record discount rate of 9.605 per cent, equivalent to a yield of just over 10¼ per cent.

In December, the Treasury's last one-year bill sale resulted in investors receiving a yield of 10.17 per cent.

At the beginning of the week, some dealers were anticipating that the sale of the new 15-year Treasury bonds could result in the securities yielding as much as 9.10 per cent. But as the bond market staged a modest rally, partly in response to the better performance of the dollar, estimates of the likely yield have been reduced to perhaps 9.03-9.05 per cent.

Slimmer Utico sees recovery

UTICO, THE 72.7 per cent-owned South African tobacco and snack foods subsidiary of B.A.T. Industries, is gradually emerging from its disastrous venture into confectionery, writes Jim Jones from Johannesburg.

Stripped of the loss-making confectionery operation, Utico has reported a taxed attributable profit of R3.35m ($3.9m) for the year to September 30, 1978, compared to R379,000 in a 2.1 per cent turnover increase to R71.5m ($83.1m).

Despite the improvement, there is no return to the dividend-paying lists, nor is Mr. Enrique Rankin, the chairman, prepared to undertake that dividends will be resumed in 1979.

Utico has been in the position that its market share of a relatively stagnant South African cigarette market has been in the doldrums while raw material and operating costs have been moving steadily upwards. In Rhodesia, 85 per cent-owned subsidiary B.A.T. Central Africa, caught in a price freeze for cigarettes and escalating costs, reported a virtually unchanged taxed profit of Rhodesian $946,000 (U.S. $136,400) but with a deteriorating political situation in Rhodesia, Utico's efforts are concentrated on improving the quality of its South African earnings. Once the target of a 15 per cent return on shareholders' funds is attained, consideration will be given to resuming dividends.

Meanwhile, the UK parent, B.A.T. International, is apparently happy with no income on its investment until such time as Utico gets back on to a sustained growth tack.

The South African feeding stuffs and agricultural group Kanhym has reported a 58 per cent taxed profit increase to R2.85m ($3.3m) for the year to September 30 on the back of a record maize crop and economies of scale at the feedlot operations.

Kanhym is sitting on coal reserves estimated at about 100m tons amenable to strip mining. The coal lies in the middle of mineral rights being explored by BP Coal and in 1977 BP exercised an option to buy a 50 per cent interest in Kanhym's small operating colliery and coal in the northern part of Kanhym's reserves. BP also holds an option to buy a 50 per cent share in coal in the southern block and is currently paying Kanhym R142,500 annually to maintain this option.

The cost of developing an opencast mine which will sell in export markets through Richards Bay is probably in the region of R50m and Kanhym is steadily increasing its net current assets (R9.1m at September 30).

Ruling setback for Citicorp

By Our New York Correspondent

CITICORP'S U.S. expansion plans have suffered a setback as a result of a Federal Appeals Court ruling that the bank must divest itself of its Advance Mortgage Corporation subsidiary by the end of next year.

The decision upholds a Federal Reserve Board ruling in March of last year denying Citicorp the right to retain the subsidiary it acquired in 1970.

Legislation that year required that, unless they were granted an exception, single bank holding companies had to divest nonbank activities by the end of 1980. Citicorp applied to retain Advance Mortgage, one of the largest mortgage banking companies in the country, in 1973, but then, and again in 1977, the Fed denied the application on the grounds that the acquisition would have an adverse impact on competition.

Citicorp, like several other of the nation's largest banks, has been seeking to expand aggressively in the consumer banking market nationally, partly to overcome laws which limit banks' deposit-taking operations to a single State.

Mortgage banking has been one of the areas which Citicorp and other banks have been expanding in pursuit of this objective.

EUROBONDS

Higher yields ahead for Eurodollars

By John Evans

THE MARKET in Eurodollar bond straight-debt issues continued to drift lower yesterday, in what dealers described as an important correction in prices which will establish double-figure yields for prime quality issues.

Falls of between ¼ and ½ point were established widely throughout the list.

Many bond market participants have been saying that a further sharp correction in prices has been looming for some weeks, in order to establish similar yield levels in the offshore dollar bond market as in its U.S. counterpart bond market.

This discrepancy explains the failure of the Eurobond market to share in the recovery in the U.S. bond market, where a slight moderation in short-term Money market interest rates and a more stable dollar has created fresh investor interest.

Among issues verging on 10 per cent yield levels yesterday, the Australia 6¾ per cent bonds due 1986, were yielding near 9.85 per cent.

In the Deutsche mark sector, the forthcoming DM 200m Kingdom of Denmark bond, via Westdeutsche Landesbank, will be based on two tranches of DM 100m each, both with bullet maturities.

One tranche will be in six-year notes at 5.75 per cent, the other for 10 years at 6.5 per cent.

Rising costs upset Malaysian chemicals

BY WONG SULONG IN KUALA LUMPUR

AFTER A RECORD profit of 21m ringgits (U.S.$9.72m) last year, Chemical Company of Malaysia, the major chemical manufacturer in the country, says profits for the current year are expected to be less because of rising prices of raw materials and excess capacity.

Favourable rubber and palm oil prices will ensure a steady demand for fertilisers by the plantation sector, but against a background of rising prices of raw materials, the company does not expect profits from fertilisers to increase significantly.

It will also take some years before new industrial demand can absorb the surplus capacity existing in Malaysia for the production of chlorine and hydrochloric acid, and with the recent increase in electricity costs, profits from these products are expected to be modest. Electricity is the biggest single cost factor in the production of chloralkali products.

Chemical Company of Malaysia is paying out a final dividend of 30 per cent, bringing the year's total to 50 per cent, compared with 42.5 per cent the previous year.

Ruling on anti-trust cases

CANBERRA—The Australian government will introduce legislation this year enabling it to make anti-trust judgments by foreign courts unenforceable in Australia, Mr. Peter Durack the Attorney-General said.

The government believes the proposed legislation is desirable because of the risk some anti-trust judgments made by foreign courts present to the national interest. Official sources said the proposed law, results from a series of cases in the U.S. involving allegations that Australian uranium companies were part of an international uranium price-fixing cartel in 1972.
Reuter

CREDIT SUISSE

Sifting through the Ruffoni legacies

BY JOHN WICKS IN ZURICH

WHEN Credit Suisse, one of Switzerland's big three banks, started to investigate the implications of its "Chiasso scandal," it found itself heir to a vast network of Italian companies. Among these unsought investments was a tangled group of no fewer than 37 different undertakings headed by the Milan-based forwarding agent, Gottardo Ruffoni.

The group, Crédit Suisse says, was in an "indescribably neglected condition." It took the team of Swiss financial trouble-shooters a considerable time to determine just what operations were involved. According to the bank there was virtually no control over subsidiaries by the parent company, accounting and even simple book-keeping were frequently months out of date—the bank's own auditors were unable to reconstruct with any degree of reliability the books of past years—and there was little, if any, management of operations or costing.

The companies were uncovered in the spring of 1977 when Credit Suisse officials discovered that its branch in Chiasso had improperly channelled some SwFr 2.2bn of clients' funds through a Liechtenstein company, Texon-Finanzanstalt. The Ruffoni group had originally been a conventional loan client of the Chiasso branch of Crédit Suisse, but had been "integrated" into Texon some time in 1976, having slipped into financial difficulties.

By the time the Zurich auditors had moved in, the Ruffoni parent company was ripe for bankruptcy. However, the reputation of the group had remained good at home and abroad and one affiliate, the specialist carrier Sittam, had been working well since Ruffoni acquired a stake in 1973.

As in the case of the ex-Texon-owned Winefood group, Crédit Suisse decided to hold on to most of the group, put it back on its feet and eventually sell it. Up to now, only those operations—including finance and property companies, but also a racehorse stud—have been disposed of all which are outside the framework of the forwarding agent and haulage business. The bulk of the group is in time to be sold as a single unit, although Crédit Suisse does not expect this to happen until 1981 at the earliest.

Originally a tangled group of at least 37 separate companies, the Ruffoni group has been streamlined and may move out of the red in the current year. Credit Suisse hopes to dispose of the remaining operations in a year or two.

After the emergency programme of 1977, a major restructuring plan was taking place all last year. The main task has been to clear out dead wood, give the individual companies and the group as a whole effective management and control mechanisms and generally improve performance.

Particular attention has been paid to pulling the parent company in Milan together with the unions agreeing to a voluntary resignation scheme.

Today, "GR Group" management administers a complex of six companies headed by Gottardo Ruffoni SpA, as well as the Sittam company, the Swiss subsidiary G. Ruffoni SA in Chiasso, the French GR France Sàrl in Modane and the British affiliate GR Line UK of Felixstowe. The former parent, whose capital has been increased from 500m lire to 3bn lire, is expanding its forwarding business, while its subsidiary Matrasped Tiss SpA is being gradually built up to act as the group's own haulier.

Already, the re-organisation is making itself felt. The group incurred an estimated loss equal to SwFr 26m ($15.3m) last year, when group turnover amounted to some SwFr 500m ($295m). This year, losses are expected to fall to something like SwFr 5m ($2.94m) and in 1979 the group hopes to be in the black.

The 1978 loss would be accounted for almost solely by Gottardo Ruffoni SpA, though this deficit will also be much lower than in 1977. The former parent is now healthy, says the Zurich bank. Both the Swiss and the French subsidiaries appear to have moved out of the loss zone this year.

The future of the UK subsidiary in Felixstowe is "not quite clear," says Crédit Suisse. GR Line UK's future development depends on container traffic. According to the bank, the UK Ruffoni company has been "personally restructured."

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 4

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Age Akt. 9¾ 88	25	94	94½	0	−0⅛	10.21
Australia 8.45 83	175	95	95½	−0⅛	−0⅛	10.04
Australia 9⅜ 83	75	97⅛	98	0	0	9.82
Beatrice Foods 7⅞ 83	100	93	93½	0	−0⅛	9.71
CECA 8¾ 87	50	93⅞	94⅛	−0⅛	−0⅛	9.81
CECA 9 93	25	95½	96	−0⅛	−0⅛	9.55
CECA 9⅝ 98	25	97⅛	98½	−0⅛	−0½	9.46
CECA 9⅜ 84-99	50	95½	96	0	0	9.88
CNT 9 93	75	94⅛	94⅝	0	−0⅛	9.71
Canada 8 83	250	94	94½	+0⅛	+0⅛	9.81
Canada 8.20 86	250	92⅞	93⅜	+0⅛	−0¼	9.83
Canada 9 83	400	97⅛	97⅝	0	−0⅛	9.96
Canada 9⅜ 98	350	97⅞	98⅜	+0½	+0⅛	9.65
Canadair 8½ 83	70	93⅞	94⅜	−0⅛	−0⅛	10.25
Dominion Bridge 9 85	25	93⅜	93⅞	0	0	10.27
EIB 9¾ 98	125	95⅛	95½	0	−0½	9.79
Eksportfinans 9 88	50	95	95½	−0⅛	−0⅛	9.69
Finland 9⅜ 83	100	95½	95⅞	0	−0⅛	10.24
Finland 9 88	100	94⅛	95⅛	0	−0⅛	10.09
Hospital O/S 9 83	25	95⅛	96⅛	−0⅛	−0⅛	9.94
Itel Finance 9⅞ 90	20	91	91½	−0⅛	−0⅛	11.40
J. C. Penney 8½ 83	100	94⅛	94⅞	−0⅛	−1	9.99
NZ Dev. Fin. 9⅛ 83	20	92⅞	93⅜	−0⅛	−0⅛	10.11
NZ Dev. Fin. 9⅛ 86	20	92⅞	93⅜	0	−0⅛	9.85
Nat West 9 86	75	95⅛	95⅝	0	−0⅛	9.89
Newfoundland 9⅞ 90	50	95⅝	96⅛	−0⅛	−0⅛	9.86
Nord Inv. Bk. 8⅞ 88	25	95⅛	95⅝	−0⅛	−0⅛	9.50
Norges Komm. 9⅜ 98	75	95½	96	−0⅛	−0⅛	9.84
Norsk Hydro 8⅞ 94	50	95½	96	−0⅛	−0⅛	9.80
Norway 7⅞ 83	250	92⅛	92⅝	0	−0⅛	10.07
Norway 8⅛ 83	150	†95⅛	96	−0⅛	−0⅛	10.12
Occidental 8⅞ 85	75	91⅞	92⅜	0	−0⅛	10.68
Ont. Hydro 8⅞ 85	175	92⅞	93⅜	+0⅛	−0⅛	9.98
Quebec Hydro 9½ 93	50	96⅝	97⅛	−0⅛	−0⅛	9.90
Sweden 9⅛ 88	125	96⅞	97⅛	−0⅛	−0⅛	9.79
UK 8½ 85	200	94⅛	94⅝	−0⅛	−0⅛	9.94
UK 8⅞ 93	150	95⅛	96⅛	+0⅛	−0⅛	9.61

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6⅜ 88	150	95⅞	96⅜	+0⅛	+0⅛	7.06
Australia 6 88	250	101⅛	101⅝	0	0	5.77
Austria 5½ 90	150	94½	95	+0⅛	+0⅛	6.39
Bankamerica 5½ 90	150	99⅛	99⅝	0	0	5.61
Bq. Ext. Algerie 7⅛ 85	100	96½	97⅛	+0⅛	+0⅛	7.78
Brazil 7⅛ 87	150	100⅛	100⅝	+0⅛	+0⅛	7.14
CECA 6 88	150	97⅛	97⅝	−0⅛	+0⅛	6.35
Canada 4¾ 83	800	98⅛	98⅝	−0⅛	−0⅛	5.13
Ch. Manhattn. O/S 6 93	100	†101½	102	0	0	5.87
Commerzbank WW 3½	100	†104½	105½	+0⅛	+1⅛	2.89
Commerzbank XW 3½	100	†82½	83½	+0⅛	+0⅛	[illegible]
Copenhagen City 6 90	75	†94⅛	95⅛	0	0	6.82
Council of Europe 6⅜	100	98½	99⅛	−0⅛	−0⅛	6.78
Council of Europe 6⅛	130	97⅛	98⅛	−0⅛	+0⅛	6.51
EIB 6 90	300	96⅛	96⅝	−0⅛	−0⅛	6.43
Finland 6 83	150	98⅞	99⅜	+0⅛	+0⅛	6.21
Hitachi Ship. 5⅜ 83	50	†101⅛	101⅝	0	+0⅛	5.39
IBJ 6 84	100	99⅛	100⅛	+0⅛	+0⅛	[illegible]
Indonesia 7 84	100	97½	98	−0⅛	−0⅛	7.49
Kobe, City of 5⅞ 86	100	99⅛	100½	−0⅛	−0⅛	5.72
Mexico 6 85	200	†97½	97⅞	−0⅛	−0⅛	6.47
Mitsubishi Petro. 5⅝ 85	100	†101⅛	102½	+0⅛	+0⅛	5.36
New Zealand 6⅛ 87	200	†99⅛	99½	−0⅛	+0⅛	6.35
Nippon Steel 5⅝ 85	100	101⅛	102	−1	0	6.40
Nordic Inv. Bk. 6⅛ 86	50	†98	98⅛	0	+0⅛	6.55
Norges Komm. 6 90	100	97⅛	97⅝	−0⅛	−0⅛	6.31
Norway 4½ 83	250	97⅛	97⅝	+0⅛	+0⅛	5.07
Norwegn. Ind. Bk. 6 90	125	97⅛	98⅛	0	+0⅛	6.25
Occidental 6⅜ 90	150	97⅞	98⅜	0	0	7.00
OKB 6⅛ 88	100	†102	102½	+0⅛	+0⅛	6.19
Petroleo Brazil 7 88	100	99⅛	99⅝	0	+0⅛	7.12
PK Banken 5⅞ 88	100	93⅛	94⅛	+0⅛	−0⅛	6.67
Quebec, Prov. of 6 90	150	95⅛	95⅝	+0⅛	+0⅛	6.64
Ricoh 5⅜ 83	30	*†101⅛	101⅝	0	+0⅛	4.97
Spain 6 88	200	†94⅝	95⅛	+0⅛	+0⅛	6.75
Statoil 6 88	150	96⅛	96⅝	0	0	6.71
UBS Group 5⅜ 83	85	†97⅛	97⅝	−0⅛	−0⅛	6.34
Union Bank-Finn 6½ 88	50	†97	97½	0	0	6.85
Venezuela 6⅛ 90	150	94⅛	95⅛	+0⅛	+0⅛	7.14
World Bank 6⅛ 88	400	†98	98⅛	0	0	6.51

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5⅜ 88	40	106½	106⅞	−0⅛	+0⅛	4.48
Amer. Exp. Int. 3½ 93	40	101⅛	101⅝	−0⅛	+0⅛	3.39
Arlberg Tunnel 4 93	40	101⅛	101⅞	+0⅛	+0⅛	3.85
Austria 3½ 93	100	97⅛	98	0	+0⅛	3.89
Brazil 4⅜	100	98½	98⅞	−0⅛	+0⅛	4.42
Chase Manhattan 4 93	70	104⅜	105	0	−0⅛	3.57
Council of Europe 4⅜	100	102⅜	103	0	0	3.94
Bankamerica 3⅞ 93	80	102½	102⅞	−0⅛	−0⅛	3.52
BNDE 5 88	75	102⅜	102⅞	+0⅛	+0⅛	4.65
Denmark 4½ 90	100	105	105⅛	0	+0⅛	3.94
Denmark-Mortgage Bk.	80	103	103⅛	0	+0⅛	4.15
EIB 4⅜ 93	100	102⅞	103⅛	−0⅛	+0⅛	3.97
Euratom 4⅜ 93	80	102⅞	103⅛	−0⅛	+0⅛	3.97
F. L. Smidth 4½ 89	25	102⅜	102⅝	−0⅛	−0⅛	4.20
Finland 4½ 93	80	103⅛	103⅜	−0⅛	0	4.19
First Chicago 3½ 93	70	†99⅛	99⅜	−0⅛	+0⅛	3.53
GZB 4½ 93	100	104	104½	+0⅛	+0⅛	4.11
Hilti-Liechenstein 4⅜	25	105	105½	+0⅛	+0⅛	3.77
ICI Fin. NV. 4⅛ 93	100	105⅛	105⅝	+0⅛	+0½	3.75
Malaysia 4⅜ 90	80	100⅛	100⅜	+0⅛	+0⅛	4.72
Manitoba 4 93	100	104	104½	+0⅛	+1⅛	3.61
Newag 4 93	70	102⅛	102½	+0⅛	+0⅛	3.78
Norges Komm. 4⅜ 93	100	103⅞	104⅛	−0⅛	+0⅛	3.81
OKB 4 93	80	101⅞	102⅛	+0⅛	+0⅛	3.82
Oy Nokia 5 90	20	104½	105	−0⅛	−0⅛	4.46
Sola 4⅜ 93	30	104	104½	+0⅛	+0⅛	3.96
Sandvik 4 90	85	102⅛	102⅜	−0⅛	+0⅛	3.74
Seas 4½ 88	15	103⅛	103⅜	+0⅛	−0⅛	4.04
Voest-Alpine 4½ 93	100	104	104½	+0⅛	+1	4.11
Voralberg Kraft 4 93	30	102⅜	102⅝	+0⅛	0	3.79
Vienna 4 93	100	101⅛	102	0	+0½	3.83
World Bank 4⅛ 93	250	103⅛	103½	0	+0⅛	3.94

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5⅜ 88	15	96⅞	97⅛	−0⅛	0	6.20
BFCE 6.4 90	30	95⅛	96⅛	+0⅛	+0⅛	7.08
Eurofima 6.3 90	10	95⅞	96⅞	+0⅛	−0⅛	6.87
Norway 5.7 83	25	100⅛	101⅛	+0⅛	+0⅛	5.44
Sweden 6.3 90	40	94½	95½	+0⅛	0	7.01

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold 11¼ AS	12	95	96⅛	0	−0⅛	12.79
Auto Cote B. 7 93 EUA	15	95⅛	95⅞	−0⅛	−0⅛	7.51
Copenhagen 7 93 EUA	30	94⅛	95⅛	0	0	7.55
Finland Ind. 7 93 EUA	15	95⅛	[illegible]	0	−0⅛	7.47
Komm. Inst 7½ 93 EUA	15	97⅛	98⅛	0	−0⅛	7.71
Panama 8⅛ 93 EUA	20	95⅛	96⅛	0	−0⅛	8.70
SDR France 7 93 EUA	22	96⅛	97⅛	0	−0⅛	7.34
Algemene Bk 6⅜ 83 Fl	75	93⅛	93⅝	+0⅛	+1⅛	8.06
Brazil 7⅛ 83 Fl	75	94⅛	94⅝	+0⅛	+0⅛	9.02
CFE Mexico 7⅛ 83 Fl	75	96⅛	97⅛	0	0	8.48
EIB 7⅛ 85 Fl	75	94⅛	94⅝	+0⅛	+0⅛	8.34
Neder Midd. 6½ 83 Fl	75	93⅛	94⅛	+0⅛	+0⅛	8.15
New Zealand 6⅛ 84 Fl	75	92⅛	93	+0⅛	+0⅛	[illegible]
Norway 6½ 83 Fl	100	92⅛	93⅛	+0⅛	+0⅛	8.44
OKB 6⅛ 85 Fl	75	90⅛	90⅞	0	+0⅛	8.48
Elf Aquitaine 9⅛ 88 FFr	150	†98⅛	99⅛	+0⅛	+0½	9.91
EIB 9⅛ 88 FFr	200	†98⅛	99	−0⅛	+0⅛	9.94
Unilever 10 85 FFr	100	100⅞	101⅛	+0⅛	+0⅛	9.73
BAT 8 88 LuxFr	250	95⅛	96⅛	+0⅛	+0⅛	8.58
Bayer Lux 8 86 LuxFr	250	95⅛	96⅛	+0⅛	+0⅛	8.68
EIB 7⅞ 88 LuxFr	250	95⅛	96⅛	+0⅛	+0⅛	8.34
Finland I. Fd 8 88 LuxFr	250	95⅛	96⅛	+0⅛	+0⅛	8.58
Norway 7⅛ 83 LuxFr	250	96⅛	97⅛	−0⅛	−0⅛	8.55
Norges Km. 8 88 LuxFr	500	*97⅛	98⅛	+0⅛	+0⅛	8.40
Renault 7⅛ 88 LuxFr	500	97⅛	98⅛	−0⅛	0	8.11
Solvay Fin 8 88 LuxFr	500	100⅛	101⅛	+0⅛	+0⅛	7.77
Swedish Bk 8 88 LuxFr	500	99⅛	100⅛	−0⅛	−0⅛	8.03
Gestetner BV 11 88 £	10	89⅞	90⅞	+0⅛	+1	12.79
Whitbread 10½ 90 £	15	88⅛	89⅛	+0⅛	+0⅛	12.92

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
American Express 82	0¼	98⅞	99⅛	20/4	10⅛	10.72
Arab Intl. Bk. M6.5 83	0⅛	95⅛	96⅛	31/1	9⅛	9.77
BFG Fin Co M5.5 88	0⅛	98⅛	98⅝	12/1	—	—
B. El Salvador M8 83	1⅛	96½	97	12/4	11.31	11.69
B. Nac. Argent M8 83	0⅛	97⅛	97⅝	21/1	9⅛	9.63
Bank Handlowy M8 88	1⅛	97⅛	97⅝	25/11	12.94	13.29
Bk. of Tokyo M5½ 93	0⅛	96½	97	18/4	10⅛	10.85
Banque Worms M5⅛ 85	0⅛	98⅛	98⅝	15/6	12	12.20
Bq. d'Alg. M8.375 84	0⅛	95⅛	97⅛	9/2	9⅛	9.94
Bq. Ext. d'Alg. M7.5 85	0⅛	95⅛	96⅛	2/5	12⅛	13.30
Bq. Indo et Suez M5⅛	0⅛	98⅛	98⅝	25/1	9⅛	9.52
Bq.-Afr. Occ. M6.5 83	0⅛	97⅛	97⅝	12/1	8⅛	8.63
CCCE M5.25 98	0⅛	97⅛	97⅝	3/2	9.19	9.41
Ch. Man. O/S M5⅛ 93	0⅛	97⅛	98⅛	27/1	9.31	9.25
Credit National M5⅛ 88	0⅛	98	98½	11/1	9.19	9.35
Gotabanken M6 88	0⅛	97⅛	97⅝	15/5	12.31	12.63
Ind. Bk. Japan M5⅛ 85	0⅛	98⅛	99⅛	1/5	12.35	12.47
Ljubljanska M7.75 85	1	95⅛	95⅝	19/1	10⅛	10.68
LTCB Japan M5⅛ 85	0⅛	98⅛	98⅞	9/5	12.05	12.23
Midland Intl. M5⅛ 93	0⅛	97⅛	98⅛	20/1	9.44	9.63
Nat. West. M5⅛ 90	0⅛	97⅞	98⅛	31/5	12⅛	12.74
Nippon Crdt Bk M5.5 86	0⅛	98⅛	99⅛	22/5	12.81	12.96
OKB M5⅛ 88	0⅛	100	100⅛	18/4	10.56	10.54
Offshore Mining 89	0⅛	98⅛	99⅛	19/1	9.44	9.55
Privredna Banka M8 86	0⅛	95⅛	96⅛	22/5	13.44	13.98
Stand. Chart. M5.5 90	0⅛	97	97½	10/2	8.94	9.19
Sundsvallsbnkn. M6 85	0⅛	96½	97	4/4	10.06	10.40
Utd. Overs's Bk. M6 83	0⅛	98⅛	99	4/5	12.31	12.47

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5⅛ 93	8/78	828	101⅛	102⅛	−0½	12.68
Baker Int. Fin. 5⅛ 93	1/79	34	102⅛	103½	+0⅛	9.85
Boots 6⅛ 93	2/79	2.16	93⅛	94⅛	+1⅛	−2.72
Coca-Cola Bottling 6⅛	4/79	9	90⅛	92⅛	+1⅛	24.55
Ito-Yokado [illegible]	[illegible]	1473	130⅛	131⅛	−0½	1.19
Novo Industri 7 89	[illegible]	259	89⅛	90½	−0⅛	2.95
Texas Int. Air. 7½ 93	4/79	14.5	90⅛	91⅛	+1⅛	11.07
Thorn Int. Fin. 7 88	11/78	3.67	103⅛	104⅛	+0⅛	−2.24
Tyco Int. Fin. 8½ 88	9/78	21	97⅛	98	+0⅛	8.73
[illegible]	[illegible]	61.5	75	75⅛	+0⅛	145.53
Asahi Optical 3⅛ DM	12/78	588	90⅛	91⅛	−0⅛	2.11
Casio Co. 3⅛ 85 DM	11/78	841	102⅛	103⅛	+0⅛	5.53
Izumiya 3⅛ 86 DM	10/78	989	94	95	+0⅛	4.28
Jusco 3⅛ 86 DM	1/79	1270	91⅛	92⅛	−0⅛	10.36
Konishrku 3⅛ 85 DM	1/79	612	93⅛	94⅛	0	5.19
Marudai Food 3⅛ DM	2/79	1023	98⅛	99⅛	+0⅛	13.58
Murata M. 3⅛ 86 DM	11/78	854	99⅛	100⅛	−0⅛	−4.61
Nina Air 3.5 89 DM	12/78	508	90⅛	91⅛	+0⅛	5.24
Nippon Shmpn. 3⅛ DM	8/78	778	112	113	−0⅛	4.77
Nippon Yen. 3⅛ 85 DM	1/79	251	95⅛	96⅛	−0⅛	2.49
Nissan Diesl. 3⅛ 86 DM	2/79	477	93⅛	94⅛	−0⅛	6.09
Olympus Opt. 3⅛ 85 DM	2/79	703	99⅛	100⅛	+0½	−3.79
Ricoh 3⅛ 85 DM	10/78	677	100⅛	101⅛	0	11.31
Sanyo Electric 3⅛ DM	11/78	295	89⅛	89⅞	−0⅛	4.45
Seiyu Strs. 3⅛ 86 DM	8/78	1775	112⅛	113⅛	0	−2.30
Sharp Co. 3⅛ 88 DM	2/79	487	†91⅛	92⅛	+0⅛	−2.01
Stanley Elec. 3⅛ DM	11/78	673	†93⅛	94⅛	−0⅛	19.96
Tokyo Elec. 3⅛ 87 DM	4/79	476	†97	98	+0⅛	0.61
Trio Knwd. 3½ 86 DM	11/78	711	87½	88½	+1⅛	19.56

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

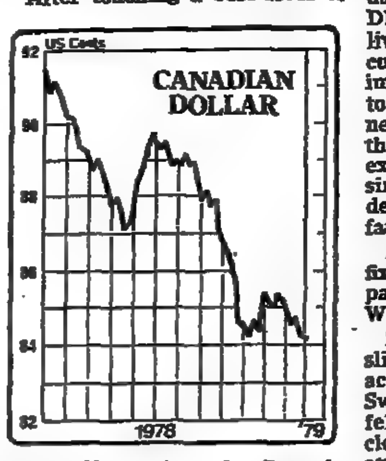
CURRENCIES, MONEY and GOLD

Dollar eases after early rise

News that Iran's army commander has resigned and left the country depressed the dollar in late trading, following a general improvement for the U.S. currency in the morning. Expectations of firmer New York interest rates, amid rumours of an impending rise in banks' prime lending rates, and possibly the Federal Reserve discount rate, helped to underpin the dollar. *During the afternoon it began to* ease back however, and the announcement from Iran only encouraged this movement. Trading *was fairly thin, and there was no* obvious intervention by central banks, although they may have taken the opportunity to push up *the dollar from time to time.*

After touching a best level of DM 1.8630 against the D-mark, the dollar closed at DM 1.8497½, compared with DM 1.8490 on Wednesday. The U.S. currency *rose to SwFr 1.6640 in terms of* the Swiss franc, before closing at SwFr 1.6492½, compared with SwFr 1.6472½ previously. The *highest point touched against the* Japanese yen was Y197.15, and the dollar closed at Y196.40, compared with Y196.60.

On Morgan Guaranty figures, the dollar's trade-weighted depreciation widened to 9.1 per cent from 9.0 per cent. The pound's index, as calculated by the Bank of England, was unchanged at 63.7, after standing at 63.8 at noon, and 63.7 in the morning. *Sterling* opened at $2.0155-2.0165, and touched $2.0200. After easing to $2.0090-2.0100, the pound touched a best level of $2.0225-2.0235 in the afternoon, and closed at $2.0160-2.0170, a fall of 80 points on the day.



NEW YORK—The dollar was steady in early trading, following the improvement in the U.S. currency during previous trading in European centres. Conditions were fairly nervous, however, ahead of the mini-summit meeting due to start in Guadeloupe today. There was also some speculation that a major U.S. bank may push up its prime rate to 12 per cent from the general level of 11¾ per cent.

FRANKFURT—The Bundesbank did not intervene when the dollar rose to DM1.8528 against the D-mark at yesterday's fixing, compared with DM1.8364 on Wednesday. In lively late trading the U.S. currency lost some of its early improvement, however, easing to DM1.8515. There were no new developments influencing the market, and dealers were not expecting any significant fall, since central banks appeared determined to hold the dollar fairly near to its present level.

AMSTERDAM—The dollar was fixed higher, at Fl2.0000, compared with Fl1.9875 on Wednesday.

ZURICH—The dollar eased slightly from its best levels in active trading. It touched SwFr 1.6645 in the morning, but fell back to SwFr 1.6515 near the close. The early rise was attributed to a continuation of the previous day's short covering, following expectations of a fall by the dollar in the New Year. Rumours persisted about a possible rise in the U.S. discount rate, while the market was also nervous ahead of the weekend meeting in Guadeloupe.

MILAN—The lira improved against the D-mark in early trading, with the German *currency falling to L450.80, from* L453.45 on Wednesday. The Swiss franc also declined, easing to L505, from L507.15. The dollar *was very firm however,* rising to L837.25 in the morning, from Wednesday's fixing level of L832.95.

TOKYO—The dollar gained ground in the first trading day of this year. It climbed to Y196.80 against the yen from Y195.05

THE POUND SPOT / FORWARD AGAINST £

Jan. 4	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	2.0090-2.0235	2.0160-2.0170	0.20-0.10c pm	0.89	0.42-0.32c pm	0.73
Canadian $	11¼	2.3890-2.4050	2.3945-2.3955	0.40-0.30c pm	1.75	1.05-0.90c pm	1.63
Guilder	6½	4.01-4.05	4.01½-4.02½	1⅛-⅛c pm	1.87	5⅛-2⅛c pm	3.00
Belgian F	6	[illegible]	58.55-58.65	15-5c pm	2.05	55-45c pm	—3.41
Danish K	8	10.34-10.41	10.34½-10.35½	1-3 ore dis	—2.32	5½-6½ ore dis	—1.74
D mark	3	3.72-3.75	3.72½-3.73½	3½-2½ pf pm	8.85	8⅞-7⅞ pf pm	8.00
Port. Esc.	18	93.20-94.20	93.80-94.10	50-100c dis	—9.54	120-280c dis	—8.48
Span. Pes.	8	141.55-142.00	141.60-141.70	30-100c dis	—5.51	200-300c dis	7.06
Lira	10½	1,679-1,687	1,679-1,681	1-3 lire dis	—1.43	5½-8½ lire dis	—1.66
Nrwgn. K.	7	10.15-10.24	10.15½-10.16½	2½-½ ore pm	2.07	4½-2½ ore pm	1.28
French Fr.	9½	8.51-8.58	8.51½-8.52½	2½-1½c pm	2.46	7½-6½c pm	3.29
Swedish Kr	6½	8.71-8.77	8.71½-8.72½	3½-1½ ore pm	3.44	8-6 ore pm	3.21
Yen	3½	392-402	395-397	4.40-4.00y pm	12.72	12.10-11.70y pm	12.02
Austria Sch	4½	27.25-27.40	27.27-27.32	17-7 gro pm	5.28	45-35 gro pm	5.86
Swiss Fr.	1	3.31½-3.35½	3.31½-3.32½	3⅞-2⅞c pm	12.19	10½-9½c pm	12.34

Belgium rate is for convertible francs. Financial franc 59.75-59.85.

Six-month forward dollar 0.75-0.65c pm, 12-month 1.80-1.70c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada†	84.07-84.25	84.17-84.20	0.03-0.06c pm	0.48	0.13-0.17c pm	0.78
Nethlnd.	1.9965-2.0075	1.9965-1.9985	0.30-0.25c pm	1.59	1.34-1.29c pm	2.41
Belgium	29.11-29.35	29.11-29.14	5-3½c pm	1.71	20-18c pm	2.46
Denmark	5.1300-5.1585	5.1300-5.1325	1.00-1.50ore dis	—3.38	3.00-3.50ore dis	—3.07
W. Ger.	1.8485-1.8585	1.8485-1.8500	1.27-2.22pf pm	7.78	3.88-3.83pf pm	8.21
Portugal	46.60-46.95	46.60-46.80	30-40c dis	—8.99	70-140c dis	—8.99
Spain	70.35-70.63	70.35-70.40	18-38c dis	—4.82	110-140c dis	—7.02
Italy	835.35-837.75	835.75-836.25	1.70-2.20lire dis	—2.15	4.75-5.75lire dis	—2.24
Norway	5.0500-5.0800	5.0500-5.0520	0.50-0.10ore pm	1.14	0.90-0.59ore pm	0.82
France	4.2250-4.2620	4.2250-4.2350	0.70-0.45c pm	1.16	2.80-2.60c pm	2.39
Sweden	4.3325-4.3495	4.3325-4.3335	1.40-1.20ore pm	3.07	3.60-3.40ore pm	2.87
Japan	196.15-196.95	196.15-196.35	2.00-1.85y pm	11.35	5.65-5.50y pm	11.10
Austria	13.55½-13.63½	13.55½-13.56½	6.50-5.50gro pm	5.11	19.50-17.00gro pm	5.30
Switz.	1.6505-1.6610	1.6505-1.6520	1.61-1.56c pm	11.09	4.84-4.79c pm	11.52

† U.S. cents per Canadian $.

CURRENCY RATES

Jan. 3	Special Drawing Rights	European Unit of Account
Sterling	0.642595	0.676273
U.S. dollar	1.29738	1.36188
Canadian dollar	1.54609	1.62200
Austrian schilling	17.6530	18.3914
Belgian franc	37.6889	39.6578
Danish krone	6.61664	6.97995
Deutsche Mark	2.38251	2.51266
Guilder	2.57854	2.71150
French franc	5.47170	5.75188
Lira	1080.72	1134.44
Yen	—	266.920
Norwegian krone	6.53750	[illegible]
Peseta	91.1085	95.5380
Swedish krona	5.57549	5.87698
Swiss franc	2.11797	2.22797

CURRENCY MOVEMENTS

January 4	Bank of England Index	Morgan Guaranty changes %
Sterling	63.68	—40.5
U.S. dollar	83.65	— 9.1
Canadian dollar	79.02	—18.4
Austrian schilling	146.64	+19.1
Belgian franc	114.70	+15.6
Danish krone	118.65	+ 7.3
Deutsche Mark	149.08	+42.8
Swiss franc	196.64	+84.5
Guilder	124.93	+20.3
French franc	99.87	— 5.7
Lira	54.19	—49.1
Yen	146.61	+45.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 4	£	$		£ Note Rates
Argentina Peso	2,009-2,049	996-1,016	Austria	26½-27½
Australia Dollar	1.7605-1.7675	0.8743-0.8754	Belgium	59½-60½
Brazil Cruzeiro	41.46-42.46	20.56-21.06	Denmark	10.28-10.38
Finland Markka	7.98-8.00	3.9530-3.9550	France	8.48-8.58
Greek Drachma	71.672-73.628	35.64-36.51	Germany	3.70-3.80
Hong Kong Dollar	9.6100-9.6400	4.7750-4.7800	Italy	1,650-1,700
Iran Rial	152.17-160.29	75.00-79.00	Japan	397-402
Kuwait Dinar (KD)	0.440-0.540	0.2182-0.2678	Netherlands	3.98-4.08
Luxembourg Frc.	58.55-58.65	29.10-29.15	Norway	10.15-10.25
Malaysia Dollar	4.4625-4.4825	2.2150-2.2200	Portugal	92-98
New Zealand Dlr.	1.8935-1.9015	0.9398-0.9429	Spain	144½-148½
Saudi Arab. Riyal	6.60-6.70	3.2730-3.3226	Switzerland	3.30-3.40
Singapore Dollar	4.3810-4.4010	2.1730-2.1760	United States	2.0175-2.0275
Sth. African Rand	1.7369-1.7631	0.8613-0.8743	Yugoslavia	41-46

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Jan. 4	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.017	3.728	396.0	8.520	3.333	4.020	1680.	2.396	58.60
U.S. Dollar	0.496	1.	1.848	196.4	4.225	1.648	1.994	833.1	1.188	29.06
Deutsche mark	0.268	0.541	1.	106.2	2.286	0.891	1.078	450.7	0.643	15.72
Japanese Yen 1,000	2.525	5.098	9.413	1000.	21.52	8.390	10.15	4242.	6.049	148.0
French Franc 10	1.174	2.367	4.376	464.5	10.	3.900	4.718	1972.	2.811	68.78
Swiss Franc	0.301	0.607	1.122	119.2	2.564	1.	1.210	505.6	0.721	17.64
Dutch Guilder	0.249	0.502	0.927	98.51	2.119	0.826	1.	417.9	0.596	14.58
Italian Lira 1,000	0.595	1.200	2.219	235.7	5.071	1.978	2.393	1000.	1.426	34.88
Canadian Dollar	0.418	0.842	1.556	165.3	3.557	1.387	1.678	701.5	1.	24.47
Belgian Franc 100	1.706	3.441	6.361	675.8	14.54	5.670	6.860	2867.	4.087	100.

EURO-CURRENCY INTEREST RATES

Jan. 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	10⅝-11	10⅝-10⅞	7½-8½	10½-10¾	[illegible]	2⅛-2⅝	9-14	9-12	—	[illegible]
7 day's notice	11⅜-11⅞	10¾-11	7½-8½	10½-10¾	[illegible]	2½-2¾	11-14	12-14	[illegible]	[illegible]
Month	12⅛-12½	11-11¼	[illegible]	9⅝-9⅞	[illegible]	[illegible]	9½-9¾	13½-14⅛	[illegible]	[illegible]
Three months	12⅝-12⅞	11¾-12	[illegible]	9¼-9½	par-⅛	3⅜-3¼	9⅜-9⅝	14-16	11⅞-12	[illegible]
Six months	13¼-13½	11¼-11½	10⅞-11¼	8⅞-9⅛	[illegible]	[illegible]	9⅜-9⅝	13¼-14¼	12⅜-12½	[illegible]
One year	13⅛-13⅜	12-12¼	[illegible]	8⅝-8⅞	[illegible]	[illegible]	10⅛-10⅜	16¼-16¼	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.85-10.95 per cent; three months 11.35-11.45 per cent; six months 11.80-11.90 per cent; one year 11.60-11.70 per cent.

Long-term Eurodollar deposits: two years 10⅞-11⅛ per cent; three years 10⅝-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10⅝-10⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Canadian bank rate 11¼%

The Bank of Canada yesterday increased its bank rate from 10¾ per cent to a record 11¼ per cent, reflecting the continued upward trend in U.S. rates. This latest move is seen as an attempt by the authorities to maintain a small margin over U.S. rates and so deter any outflow of funds. The last increase took place in November to 10¾ per cent from 10¼ per cent, since when U.S. rates have risen considerably. The latest increase put pressure on bank prime rates and the Royal Bank of Canada set the ball rolling by *lifting* its prime to a record 12 per cent from 11½ per cent previously. Non checking savings accounts were also given a higher rate of interest at 9¼ per cent against 9 per cent.

NEW YORK—13-week Treasury bills were quoted at 9.30 per cent, unchanged from Wednesday, while 26-week bills declined to 9.45 per cent from 9.47 per cent. One year bills were also easier at 9.58 per cent compared with 9.61 per cent. Federal funds were trading at 10-10¼ per cent after Wednesday's heavy intervention by the Federal authorities.

FRANKFURT — Interbank money rates were generally easier with call money at 3.3-3.4 per cent compared with 3.45-3.55 per cent on Wednesday, and one-month money at 3.5-3.55 per cent against 3.55-3.6 per cent. The three-month rate fell from 3.75-3.8 per cent to 3.7-3.75 per cent while six-month money was quoted at 3.75-3.85 per cent from 3.85-3.9 per cent. Twelve-month money stood at 4.15-4.25 per cent, unchanged from previously. In line with market expectations, there were no changes in credit policy at yesterday's Bundesbank council meeting.

PARIS—Domestic money rates again showed a mixed tendency with day-to-day money unchanged at 6¾ per cent while one and three-month money both rose to 6½-6¾ per cent from 6 7/16-6 9/16 per cent and 6⅜-6½ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 9¾-9¾ per cent for one month and 9¼-9½ per cent for three-month. Six-month deposits stood at 8¾-9 per cent with the one year rate at 8⅝-8⅞ per cent.

AMSTERDAM — Interbank rates were rather mixed with call money unchanged at 10¾-11 per cent and one-month money at 10¼-10½ per cent, up from 10⅛-10⅜ per cent on Wednesday.

GOLD

Firmer trend

Gold rose $6½ to $225½-226, following a favourable reaction to the result of the latest IMF gold auction. It opened at $220¼-$221¼ and was fixed at $222¼ in thin morning trading. At the afternoon fixing the metal rose to $223.15, and continued to advance on buying interest in New York.

In Paris the 12½ kilo gold bar was fixed at FFr 30,150 per kilo ($221.01 per ounce) in the afternoon, compared with FFr 30,490 ($223.53) in the morning, and FFr 30,200 ($222.72) Wednesday afternoon.

	Jan. 4	Jan. 3
Gold Bullion (a fine ounce)		
Close	$225½-226	$219-219½
Opening	$220¼-221¼	$221½-222
Morning fixing	$222¼ (£110.512)	$222.10 (£109.925)
Afternoon fixing	$223.15 (£110.862)	$218.80 (£108.971)
Gold Coins, domestically		
Krugerrand	$236½-238½ (£117½-118½)	$232½-234½ (£115½-116½)
New Sovereigns	$64-66 (£31½-32½)	$64-66 (£31½-32½)
Old Sovereigns	$65-65 (£31½-32½)	$62½-64½ (£31-32)
Gold Coins, internationally		
Krugerrand	$230-232 (£114-115)	$225½-228½ (£112½-113½)
New Sovereigns	$58½-60½ (£29-30)	$58½-60½ (£29-30)
Old Sovereigns	$63-65 (£31½-32½)	$62½-64½ (£31-32)
$20 Eagles	$294-299	$293-297
$10 Eagles	$163-168	$164-169
$1 Eagles	$108-113	$109-114

In Frankfurt the 12½ kilo bar was fixed at DM 13,285 per kilo ($223.06 per ounce) in the afternoon, compared with DM 13,135 ($222.40) previously.

MONEY RATES

NEW YORK	
Prime Rates	11.75
Fed Funds	10.125
Treasury Bills (13-week)	9.30
Treasury Bills (26-week)	9.45
GERMANY	
Discount Rate	3
Overnight	3.35
One month	3.525
Three months	3.725
Six months	3.8
FRANCE	
Discount Rate	9.5
Overnight	6.75
One month	6.5625
Three months	6.5625
Six months	6.5625
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.75
Bills Discount Rate	4.525

UK MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day-to-day credit was in short supply in the London money market yesterday and the *authorities gave assistance* by buying a very large amount of Treasury bills and a small number of corporation bills, both direct from the discount houses. Total assistance was termed as very large. Discount houses were paying 11 per cent for secured call loans at the start and closing *balances were taken at 10-10½* per cent. The market was faced with a very large excess of revenue transfers to the Exchequer over Government disbursements.

On the other hand banks brought forward balances a moderate way above target and there was a fairly large decrease in the note circulation. There was also a small surplus of Treasury bills maturing outside official hands.

In the interbank market overnight loans opened at 10¾-11 per cent and rose to 11-11¼ per cent before coming back to 10¾-10⅞ per cent. Rates then fluctuated between 11 per cent and 9¾ per cent before closing at 10-10¼ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Jan. 4 1979	Sterling Certificate on deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	9¾-11¼	—	—	—	11¼-11½	10-11¼	—	—	—
2 days notice	—	—	11½-11⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11¾-11⅞	—	—	—	—
7 days notice	—	11¼-11⅞	11⅝-11⅞	—	12⅛	—	10¾-11¼	—	—	—
One month	11 9/16-11 11/16	11 9/16-12 1/16	11⅞-12	12⅛-12⅝	12¼	12 1/16	11⅜	11⅛	11⅞	12⅛
Two months	12 1/16-12	12¼-12⅜	—	12¼-12⅝	12⅝	—	12	11⅞	12⅛-12⅜	12⅝
Three months	12 7/16-12⅜	12½-12⅝	12⅜-12 7/16	12⅛-12½	12⅞	12⅞-13	12⅛	11¾-11 13/16	12¼-12 7/16	12¾
Six months	12⅝-12½	12½-12⅝	12⅛-12½	12-12½	12⅞	—	—	—	12 7/16-12 9/16	13
Nine months	12⅜-12¼	12 7/16-12½	—	12¼-12⅝	12¾	—	—	—	—	—
One year	12¼-12⅛	12¼-12⅜	12-12¼	12-12⅝	12⅝	—	—	—	—	—
Two years	—	—	12⅛-12⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12⅜-12⅝ per cent; four years 12⅜-12⅝ per cent; five years 12⅝-12⅞ per cent. ф*Bank bill rates in table are buying rates for prime paper.* Buying rates for four-month bank bills 12⅜ per cent; four-month trade bills 12⅞ per cent.

Approximate selling rates for one-month Treasury bills 11⅜ per cent; two-month 11⅝-11 11/16 per cent; three month 11 25/32-11 27/32 per cent. Approximate selling rate for one-month bank bills 11¾ per cent; two-month 12 per cent; and three-month 12⅛ per cent; one-month trade bills 12⅜ per cent; two-month 12½ per cent; and also three-month 12⅝ *per cent.*

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from January 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5635 per cent.

NOTICE OF REDEMPTION

To Holders of

International Standard Electric Corporation
8¼% Sinking Fund Debentures, Due 1986

NOTICE IS HEREBY GIVEN, that pursuant to Section 3.02 of the Indenture dated as of February 1, 1971 between International Standard Electric Corporation and Bank of America National Trust and Savings Association, Trustee, (the "Indenture"), $4,500,000 principal amount of International Standard Electric Corporation 8¼% Sinking Fund Debentures due 1986 (the "Debentures") have been called for redemption on February 1, 1979 (the "Redemption Date") through the operation of the Sinking Fund at 100% of the principal amount thereof, together with interest thereon at the rate of 8¼% per annum to the Redemption Date. Pursuant to section 3.03 of the Indenture, the Trustee has selected for redemption on February 1, 1979 the following Debentures, to wit:

$1,000 COUPON DEBENTURES, EACH BEARING THE PREFIX LETTER "M"

[illegible]

On February 1, 1979 the Debentures designated above will become due and payable and are required to be presented and surrendered for redemption and payment on or after said date at any of the following places of payment:

CITIBANK, N.A.
111 Wall Street
New York, N.Y. U.S.A.

Algemene Bank Nederland N.V.
Amsterdam, Netherlands

Credito Italiano
Milan, Italy

Banque de Bruxelles S.A.
Brussels, Belgium

Banque Generale du Luxembourg S.A., Luxembourg

Deutsche Bank Aktiengesellschaft
Frankfurt/Main
Federal Republic of Germany

Bank of America National Trust and Savings Association, London, England

Banque Nationale de Paris S.A.
Paris, France

The Debentures must be accompanied by all interest coupons appertaining thereto maturing after February 1, 1979. Interest on the Debentures so called for redemption shall cease to accrue from and after February 1, 1979, and the interest coupons appertaining thereto maturing after said date shall be void.

International Standard Electric Corporation
by Bank of America National Trust and Savings Association, Trustee

Dated December 29, 1978

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
Amro Bank	12½%
American Express Bk.	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13 %
Barclays Bank	12½%
Barnett Christie Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	12½%
English Transcont.	12½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Trust	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14 %
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%. 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
ABN	F.360	5	1.80	—	—	—	—	F.372
ABN	F.390	—	—	15	7.80	—	—	"
AKZ	F.25	5	5	—	—	—	—	F.30.20
AKZ	F.27.50	—	—	15	4.50	5	5.20	"
AKZ	F.30	33	0.80	10	2.60	11	4.30	"
AKZ	F.32.50	30	0.20	60	1.70	12	2.80	"
AKZ	F.35	—	—	10	1	35	2	"
ARB	F.70	—	—	—	—	1	8.40	F.76.50
DSF	F.380	—	—	—	—	2	40.60	F.389
DSF	F.400	—	—	—	—	5	29.50	"
EK	$50	5	12	—	—	—	—	$62
EK	$60	11	2¾	—	—	—	—	"
EK	$70	—	—	2	1⅞	—	—	"
GOB	F.140	—	—	9	9.40	—	—	F.147.50
GOB	F.150	—	—	—	—	17	7.90	"
HO	F.32.50	—	—	5	6	—	—	F.35.70
HO	F.35	6	1.20	5	4	—	—	"
HO	F.37.50	—	—	—	—	10	4.10	"
HO	F.40	—	—	9	1.40	—	—	"
HO	F.45	—	—	20	0.50	—	—	"
IBM	$280	3	26½	—	—	—	—	$303¾
IBM	$300	11	9¾	—	—	1	27½	"
KLM	F.120	1	3.50	4	8.20	32	12.50	F.121.80
KLM	F.130	2	0.40	—	—	6	7.90	"
KLM	F.140	—	—	3	2.50	—	—	"
KLM	F.150	5	0.10	14	1.30	9	3	"
KLM	F.160	—	—	—	—	5	2.70	"
KLM	F.170	—	—	—	—	1	0.90	"
NN	F.108.90	22	2	—	—	—	—	F.109.30
PHI	F.22.50	—	—	—	—	10	4.10	F.24.90
PHI	F.25	20	0.60	50	1.70	12	2.20	"
PHI	F.27.50	65	0.10	2	0.70	13	1.40	"
PHI	F.30	—	—	20	0.40	25	0.80	"
PRD	$50	5	4¼	—	—	—	—	$53¾
PSA	F.560	—	—	10	8.90	15	17.80	F.470.50
RD	F.130	—	—	8	2.20	100	3.60	F.121.90
UNI	F.120	1	3.50	—	—	—	—	F.121.80
UNI	F.130	—	—	3	2	—	—	"
		Feb.		May		August		
BA	$80	1	2⅞	—	—	—	—	$75

TOTAL VOLUME IN CONTRACTS 847

FOOD PRICE MOVEMENTS

	January 4 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,140	1,140	1,140
British A.1 per ton	1,110	1,110	1,110
Irish Special per ton	1,110	1,110	1,110
Ulster A.1 per ton¶	1,110	1,110	1,110
BUTTER			
NZ per 20 kg	13.40/13.53	12.61/13.40	12.61/12.74
English per cwt†	81.11/81.65	81.11	76.00/81.11
Danish salted per cwt†	80.98/83.49	80.96/83.72	80.90/83.49
CHEESE¶			
NZ per tonne	1,250	—	1,225
English cheddar trade per tonne	—	—	—
EGGS*			
Home produced:			
Size 4	—	3.00/3.20	3.20/3.50
Size 2	—	3.90/4.00	4.20/4.40
	January 4 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	—	—	36.0/38.0
Eire forequarters	—	—	36.0/38.0
LAMB			
English	56.0/61.0	—	50.0/54.0
NZ PLs/PMs	—	—	—
PORK (all weights)	36.0/46.0	—	35.0/46.0
POULTRY			
Broiler chickens	36.0/38.0	33.0/38.0	35.0/38.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery January 6-13.

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB. Tel: 01-623 6314.
Index Guide as at January 4, 1979
Capital Fixed Interest Portfolio 100.22
Income Fixed Interest Portfolio 100.52

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at December 19, 1978 (Base 100 on 14.1.77)
Clive Fixed Interest Capital 129.92
Clive Fixed Interest Income 114.50

Wall St. ahead over nine points at noon

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—83⅞% (83¾%)

Effective $2.0165 42⅞% (43%)

STOCKS EXTENDED the gains of the first two days of the year, moving broadly higher on moderate volume. The market's greatest strength lay in its own performance in the face of concerns about Iran, rising interest rates and persistent inflation.

Traders who had earlier decided to wait for interest rates to peak or for the start of n expected ecession before buying, were beginning to worry about the possibility of missing an upward movement.

Closing prices and market reports were not available for this edition.

The Dow Jones Industrial Index added 9.27 to 826.66 and winners led losers by more than three to one in a volume of 12m shares. The Transport Index rose 2.29 to 216.84 and Stocks put on 2.83 to 281.16.

The steady tone of the dollar and hints that the situation in Iran may be improving slowly helped sentiment. Yet brokers noted that the market frequently pulls back late on Thursdays, ahead of the weekly banking figures.

National Can topped the active list rising ⅝ to $20. A block of 210,000 shares traded at $20. Exxon, in second place, added 50 cents to $50⅛. Also among the actives, Deere and Co. climbed $1½ to $37⅞ and Xerox $1¼ to $57⅛.

SCM Corp. gained ⅜ to $18⅛. It agreed to sell one of its plain paper copier lines to Minnesota Mining and Manufacturing for an undisclosed amount that will result in a gain of 23 cents a share in its fiscal second quarter. Three-M picked up ⅝ to $64⅛.

Ford Motor added ⅞ to $43⅜. The company said it would raise car prices an average 1.7 per cent from tomorrow. General Motors rose ⅜ to $55⅛.

Retail issues were mixed. They generally reported higher December sales. Avon Products climbed ⅞ to $53⅛, after estimating 1978 sales had risen to more than $2bn.

American Stock Exchange prices rose sharply in moderately active trading. The Amex Index gained 1.31 to 155.50 on a volume of 1.75m shares.

Volume leader National Patent Development rose $1 to $7⅛. It was the subject of favourable Press reports. Resorts International "A" gained $1 to $32 and Syntex ⅜ to $35⅜.

Canada

Canadian markets continued to gain moderately in active noon trading. The Toronton Composite Index rose 4.4 points and advances le ddeclines 194 to 124. The resource-related issues remained strong, with the Golds Index 10.2 higher at 1437.7 and the Oil and Gas Index up 16.7 at 1897.6. The Metals and Mining Index advanced by 5.3 to 1141.2. ..Inco rose ¼ to $20, Imperial Oil "A" ⅞ to $1¼ to $97⅛ and Hudson's Bay Oil ⅞ to $55⅞.

Brascan "A" again was the most active Industrial, up ⅞ to $20 on 232,283 shares. Macmillan Bloedel advanced ⅛ to $25. Among Golds, Camflo Mines rose 50 cents to $13⅜ and Pamour "A" ¼ to $6¼.

Noon volume totalled 2,552,887 shares against 2,108,541 on Wednesday.

In Montreal too the market continued advanced in fairly active trading. The industrial index rose 2¼ points while the Paper and Composite indices were up more than one point each. Mining and Oil stocks were the most active, with Shell Canada up ⅛ to $17.

Tokyo

Share prices ended the first sesssion of the new year higher in active trading with investors anticipating a further rise. The Tokyo index rose to 452.85 up S.30. Oils, Steels, Communications, capital issues and bargains led the market on persistent buying by various investors.

Major gainers included Nippon Oil up 28 yen to Y646, Teikoku Oil 27 up at Y407, Nippon Kokan and Hitachi both up Y2 and Mitsubishi Metal Y10 higher at Y133.

Export-orientated Electricals and Vehicles closed lower after a firm start. Fisheries, Pharmaceuticals, and Cameras closed lower on profit-taking.

Germany

Share prices fell across the board, prompted by labour conflict in the steel industry. The Frankfurt bourse index lost 4.3 at 825.50.

Mannesmann fell by DM 3.30, while BMW weakened by DM 4.30. Man and Babcock softened by DM 4 and DM 5 respectively. Major Banks suffered loses up to DM 3.50, while Chemicals also mostly lost ground.

Paris

Share maintained a steady tone in cal mtrading, with the index firmer. The tendency was due to institutional interest as well as Prime Minister Raymond Barre's declaration that French growth in 1979 and 1980 was likely to be at an annual 4 per cent rate. Constructions, Stores and Electricals showed most gains with other sectors steady.

Carrefour was little changed despite announcing higher sales in 1978. L'Oreal put on FFr 19 to FFr 733 and Bouygues gained FFr 33 to FFr 933. In the foreign sector, U.S. shares ruled firm, but Germans were mixed while Dutch and Canadians eased.

Australia

There was reasonable support for Mining shares but leading Industrials fell and Oils, which led Wednesday's market rise, traded indifferently. BHP shed 18 cents to A$9.14, while Beach dropped two cents, AOG eased one cent and Bridge added two cents. Speculative diamond shares fell, except for Magnet which added two to 37 cents. CRA lost 13 cents. Northern Mining 10 cents and Ashton two.

Uraniums continued well supported with EZ Industries adding 10 cents, Queensland Mines five cents and Peko two cents. Other mining leaders fared well too, with Western Mining adding two cents, MIM six cents and Hamersley five cents. Retailers were also firmer and Breweries were ahead.

Amsterdam

Shares closed mixed with a firmer bias following the advance on Wall Street. Royal Dutch firmed Fl 0.90 Akzo and Unilever edged higher, while Hoogovens and Philips were slightly lower in Dutch Internationals. Hya rose Fl 4, Middenstandsbank two, Amfas Fl 1.80 and Ennial and OCE-Van der Grinten one guilder each. Lower shares included Nationale Nederlanden, Van Ommeren, KLM and Delі.

Brussels

Belgian share prices were mixed in moderate trading. Sofina, Union Miniere, Cockerill and Mosane rose, while Vieille Montagne, Hoboken, Solvay, UCB and Tessenderloo fell. Petrofina and Canadian Petrofina rose but American Petrofina fell.

Switzerland

Zurich prices closed off the best levels following profit-taking. Banks showed widespread gains in a reversal of recent rather dull trading conditions, led by Union Bank, Bank Corporation and Credit Suisse. Financials continued higher on good demand including Oerlikon-Buehrle, Presse-Finanz, Holderbank and Italo-Suisse. Insurances edged higher.

Industrials to rise included BBC, Sulzer and Alusuisse in Engineerings and Metals. In Chemicals, actively traded CIBA-Geigy and Sandoz advanced. Nestle Bearer, in Foods, lost part of its opening gain. Elsewhere, Fisher fell on profit-taking after recent strength. Grand Passage firmed sharply among Stores. In Transports, Swissair was again lower.

Milan

Prices showed selective gains in low volume with some institutional buying aiding sentiment. Montedison and Snia Viscosa moved slightly higher in Chemicals, but ANIC eased. Fiat, Assicurazioni Generali, both Olivettis and Pirelli Spa all rose. Italcementi gained L400 to

Hong Kong

The market closed firmed in continued quiet trading, with the Hang Seng index up 10.70 points at 507.19. Hong Kong Bank rose 40 cents to HK$17.90, Hong Kong Land 10 to HK$7.70, Hutchison Whampoa 7.5 to HK$4.05, Jardine Matheson 20 to HK$11.90, and Wheelock Marden 10 to HK$2.65.

Copenhagen

The market closed generally lower in fair dealings. Banks and Insurance fell as did Commodities and Shipping. Industrials and Communications finished mixed as did Bonds.

Vienna

The market was mixed with losses outnumbering gains two to one.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m% tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK —DOW JONES

	Jan. 3	Jan. 2	Dec. 29	Dec. 28	Dec. 27	Dec. 26	1978-79 High	1978-79 Low	Since Compilat'n High	Since Compilat'n Low
◆Industrials	817.39	811.42	805.01	805.96	806.56	816.01	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds.	84.35	84.62	84.54	84.71	84.69	84.63	89.86 (4/1)	84.35 (3/1/79)	—	—
Transport	214.55	210.17	206.56	208.95	206.75	211.19	261.49 (8/9)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	100.37	99.19	98.24	98.14	98.06	98.71	110.98 (3/1)	97.75 (20/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	29,780	18,380	30,050	25,440	23,590	21,470	—	—	—	—

◆ Day's high 822.68 low 811.42

	Dec. 29	Dec. 22	Dec. 15	(Year ago approx.
Ind. div. yield %	6.03	6.00	6.02	5.54

STANDARD AND POORS

	Jan. 3	Jan. 2	Dec. 29	Dec. 28	Dec. 27	Dec. 26	1978-79 High	1978-79 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	109.08	107.91	107.21	107.41	107.85	108.88	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	97.80	96.73	96.11	96.28	96.66	97.52	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/65)	4.40 (1/6/32)

	Dec. 27	Dec. 20	Dec. 13	Year ago (approx.)
Ind. div. yield %	5.10	5.21	5.14	4.90
Ind. P/E Ratio	8.74	8.65	8.64	9.13
Long Gov. Bond yield	8.92	8.95	8.84	8.02

N.Y.S.E. ALL COMMON

Jan. 3	Jan. 2	Dec. 29	Dec. 28	1978-79 High	1978-79 Low
54.57	53.95	53.62	53.69	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Jan. 3	Jan. 2	Dec. 29
Issues Traded	1,894	1,842	1,972
Rises	1,352	1,001	801
Falls	265	472	758
Unchanged	277	369	413
New Highs	21	10	10
New Lows	15	34	110

MONTREAL	Jan. 3	Jan. 2	Dec. 29	Dec. 28	1978-79 High	1978-79 Low
Industrial	222.21	218.19	217.86	217.77	222.21 (3/1/79)	152.90 (16/2)
Combined	228.27	225.80	224.78	226.74	228.27 (3/1/79)	170.82 (30/1)
TORONTO Composite	1331.2	1316.8	1310.0	1300.1	1332.7 (12/10)	998.2 (30/1)
JOHANNESBURG Gold	258.0	250.6	(u)	254.2	272.0 (14/8)	186.6 (28/4)
JOHANNESBURG Industrial	271.0	270.5	(u)	268.7	281.8 (1/11)	194.9 (13/3)

	Jan. 4	Previous	1978-9 High	1978-9 Low
Australia(¶)	542.75	540.75	566.79 (22/9)	411.19 (2/3)
Belgium (||)	99.07	98.80	101.16 (8/6)	90.43 (3/3)
Denmark(**)	88.47	89.54	98.96 (14/5)	88.08 (30/10)
France (††)	76.2	75.8	83.0 (4/10)	47.8 (3/2)
Germany(‡‡)	825.50	829.8	853.6 (19/10)	759.4 (17/6)
Holland (§§)	81.9	81.3	83.1 (11/8)	76.0 (4/4)
Hong Kong (¶¶)	507.19	496.49	707.70 (4/9)	383.4 (13/4)
Italy (|||)	69.21	68.71	82.25 (25/9)	55.46 (10/1)
Japan (a)	452.85	(c)	452.60 (13/12)	364.04 (4/10)
Singapore(b)	353.32	346.69	414.50 (8/9)	262.0 (9/1)
Spain (d)	96.06	97.25	96.79 (2/1/79)	96.06 (4/1/79)
Sweden (e)	368.24	363.08	406.90 (4/8)	325.74 (3/5)
Switzerld(f)	298.3	294.0	323.7 (14/9)	261.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinery. || Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ||| Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Digital Equipment	354,400	54⅛	+1
Eastman Kodak	338,600	62⅛	+⅝
Central & S. W.	288,000	15⅝	+⅛
Amer. Tel. & Tel.	282,200	60⅞	+⅛
Deere	254,000	36⅝	+1⅝
Ramada Inns	245,100	9⅛	+⅝
Sears Roebuck	228,400	20⅝	—
Bally Mfg.	225,400	48⅝	+1⅛
Boeing	215,700	72⅛	+⅞
Occidental Pet.	216,000	17	+⅛

NEW YORK

Stock	Jan. 3	Jan. 2
Abbott Labs.	34	33⅝
Addressograph	23	21⅝
Aetna Life & Cas.	39¼	38¾
Airproducts	24¾	24
Alcan Aluminium	34	33¾
Alcoa	46⅛	47
Alleg. Ludlum	15½	15⅛
Allegheny Power	15⅞	15⅝
Allied Chemical	29⅝	29
Allied Stores	22⅝	22
Allis-Chalmers	30	29⅝
AMAX	47¾	47½
Amerada Hess	27¼	27
Amer. Airlines	14¼	13⅝
Amer. Brands	50⅞	50⅜
Amer. Broadc'st.	35⅛	34¾
Amer. Can	35⅛	35⅞
Amer. Cyanamid	25⅝	25⅝
Amer. Dist. Tel.	24¾	24⅝
Amer. Elect. Pow	21¾	21½
Amer. Express	29⅛	28⅝
Amer.Home Prod	28⅛	28
Amer. Medical	32⅝	32
Amer. Motors	5⅛	4⅞
Amer. Nat. Res.	38¼	38¼
Amer. Standard	42⅝	41⅝
Amer. Stores	33¼	33
Amer. Tel. & Tel.	60⅞	60¾
Ametek	30½	30
AMF	16½	16⅛
AMP	31¼	30⅛
Ampex	14⅝	14⅛
Anchor Hocking	26	25⅝
Anheuser Busch	25⅜	25⅝
Armco	20⅞	20⅜
A.S.A.	23⅛	23½
Asamera Oil	17⅛	16¼
Asarco	14¼	14
Ashland Oil	30¼	30⅛
Atl. Richfield	57⅝	56⅝
Auto Data Pro.	30¼	29
AVC	8	7⅞
Avco	25¼	22⅞
Avon Products	52⅝	51
Balt. Gas Elect.	24⅝	24⅝
Bangor Punta	21½	21½
Bank America	26⅝	25⅝
Bankers Tr. N.Y.	34⅜	33⅝
Barber Oil	26¼	26¼
Baxter Travenol	40⅛	39¾
Beatrice Food	22¾	22⅝
Beet'n Dick'nson	38⅛	37¾
Bell & Howell	16⅝	15⅞
Bendix	36⅛	36¼
Benguet Cons 'B'	3⅛	3¼
Bethlehem Steel	20	19⅞
Black & Decker	17⅝	16⅛
Boeing	72⅛	71⅞
Boise Cascade	27⅝	27½
Borden	25⅞	26⅛
Borg Warner	28⅜	28⅝
Braniff Int	13⅛	13
Brascan 'A'	16	15⅜
Bristol Myers	36¾	35⅝
B.Pet A Drit R.	18¼	18⅛
Brockway Glass	17¼	16¾
Brunswick	13⅜	13⅛
Bucyrus Erie	17⅛	16¼
Bulova Watch	6¼	6⅛
Burlington Nthn.	37	36½
Burrough	74¾	73⅝
Campbell Soup	34¼	34½
Canadian Pacific	21⅛	21¼
Cana. Randolph	10⅞	10⅝
Carnation	26	26¼
Carrier & Gener.	12½	12
Carter Hawley	16¼	16⅛
Caterpillar Tract	59¾	58⅝
CBS	52	51
Celanese Corpn.	40¼	39¾
Central & S.W.	15⅝	15¼
Certainteed	16	16
Cessna Aircraft	19¼	18⅞
Champion Inter.	21⅞	21¼
Ch'se Manhattan	30⅛	29¼
Chemical Bk. NY	38¼	37½
Chesebugh Pond	22⅜	22⅛
Chessie System	28¾	28¼
Chicago Bridge	48½	47¾
Chrysler	9⅝	9¼
Cinc. Milacron	32	32½
Citicorp	24	23⅝
Cities Service	54⅛	54
City Investing	13⅞	13⅝
Cleveland Cliff	27⅛	27⅛
CocaCola	44⅝	43½
Colgate Palm	17⅛	16⅞
Collins Aikman	9⅛	9
Columbia Gas	28⅝	28⅞
Columbia Pict.	24⅜	22⅝
Com.InsCo.ofAm	16⅞	16⅞
Combustion Eng.	33⅛	33⅛
Combustion Eq.	10⅝	10¼
C'm'wth Edison	26	25⅞
Comm. Satellite	39½	39⅛
ComputerScienc	11⅝	11
Conn Life Ins	35¼	35¼
Conrac	14½	13¾
Con. Edison NY	23⅝	23¼
Consol Foods	22¾	23¼
Consol Nat Gas	38½	38½
ConsumerPower	23	22⅝
Continental Grp.	27	27
Continental Oil	29	28½
Continental Tele.	14½	14½
Control Data	35⅝	34⅛
Cooper Indus.	49	49

Stock	Jan. 3	Jan. 2
Corning Glass	54⅜	55½
CPC Int'rn'tional	50⅜	49½
Crane	25½	25¾
Crocker Natl	25⅛	24½
Crown Zellerb'h.	31⅝	31⅛
Cummins Engine	34⅛	34
Curtiss Wright	13¼	12⅞
Dana	29⅜	29⅜
Dart Industries	40½	39½
Deere	36⅝	34⅞
Del Monte	44⅛	43⅞
Deltona	9⅝	9½
Dentsply Int.	16¾	16⅝
Detroit Edison	14¼	13⅞
Diamond Shmrk	19¾	19⅜
Dictaphone	25⅞	26⅝
Digital Equip	54¼	53½
Disney (Walt)	41⅝	40¼
Dover Corp'n	41	41¾
Dow Chemical	25⅝	25¼
Dravo	28⅝	28¼
Dresser	38⅛	37¾
Dupont	127½	127
Eagle Pitcher	21	21
East Airlines	9⅜	9
Eastman Kodak	63⅛	61½
Eaton	35⅛	34⅞
E. G. & G	28¾	28½
El Paso Nat. Gas	16¾	15½
Eltra	27½	27
EmersonElectric	35⅞	36½
EmeryAirFreight	19¾	19½
Emhart	36⅜	36⅜
E.M.I.	2⅝	2⅝
Engelhard	28⅞	29
Esmark	24½	24⅝
Ethyl	22	21½
Exxon	49⅝	49¼
FairchildCamera	29⅛	29
Fed.Dept. Stores	33	33
Firestone Tire	12	12⅛
Fst. Nat. Boston	27½	27⅝
Flexi Van	15⅝	15⅛
Flintkote	37¼	37¼
Florida Power	31	31
Fluor	33⅛	33⅛
F.M.C	24	24
Ford Motor	45	43⅝
Foremost Mck.	19¼	19
Foxboro	33	33¼
Franklin Mint	5¾	5⅞
Freeport Minera.	32	31¾
Frauhauf	26¼	26
Fuqua Inds.	9⅛	9⅛
G.A.F.	12	11½
Gannett	40¾	40¾
Gelco	28¼	28
Gen. Amer. Inv.	11⅛	11⅛
G.A.T.X.	24⅛	25⅞
Gen. Cable	15	14¼
Gen.Dynamics	79¾	79½
Gen. Electrics	47⅛	47
Gen. Foods	32¼	32⅝
General Mills	30¼	29¾
General Motors	55⅛	54⅞
Gen. Pub Util	18	17¾
Gen. Signal	26⅝	26½
Gen. Tel. Elect.	28½	28¼
Gen. Tire	25	24½
Genesco	4¼	4⅛
Georgia Pacific	24¾	24⅝
Geosource	28½	27⅞
Getty Oil	38½	37¼
Gillette	25¾	25⅝
Goodrich B. F.	18⅝	18⅜
Goodyear Tire	16⅝	16¼
Gould	26⅞	26¾
Grace W.R.	26⅝	26½
Grt.AtlanPacTea	6⅛	6⅛
Grt. North Iron	23¼	22
Greyhound	11½	11⅛
Gulf & Western	14⅜	14⅛
Gulf Oil	24⅛	23⅞
Halliburton	65¼	65⅜
Hanna Mining	30⅛	30½
Harnischfeger	15⅛	15¾
Harris Corpn.	29½	29
Heinz H. J.	39½	39¼
Heublein	28½	27¾
Hewlett Packard	91⅝	91½
Holiday Inns	18⅛	17⅝
Homestake	30⅝	30⅛
Honeywell	72¼	71¼
Hoover	11⅛	11⅛
Hosp.Corp. Amer	30⅝	30⅞
Houston Nat.Gas	21½	21⅞
Hunt (Ph.A) Chm	11⅞	11½
Hutton (E.F.)	15⅝	15
I.C. Industries	24⅝	24⅞
INA	40⅛	38⅞
Ingersoll Rand	46¾	47¾
Inland Steel	35⅜	35¼
Insilco	12	12
IBM	306.50	302.75
Intl. Flavour	23⅞	23⅞
Intl. Harvester	37¼	36⅞
Intl. Min & Chem	36½	56
Intl. Multifoods	18⅝	18¼
Inco	16⅝	16⅛
Intl. Paper	37	36⅛
Intl. Rectifier	12⅝	12
Intl. Tel & Tel.	28	27½
Iowa Beef	44⅞	43¼
IU International	10⅞	10⅜
Jim Walter	27	26⅝

Stock	Jan. 3	Jan. 2
John Manville	23⅛	24
Johnson Johnson	74½	74¼
Johnson Control	26¼	25⅜
Joy Manufacturg	28½	28½
K. Mar Corp	23⅝	22⅞
Kaiser Alumini'm	17⅝	17⅛
Kaiser Industries	2	2
Kaiser Steel	20⅜	19¼
Kay	12⅜	12
Kennecott	20¼	20
Kerr McGee	48½	48⅝
Kidde Walter	29⅝	29½
Kimberley Clark	41¼	41
Koppers	20¼	19½
Kraft	45¼	44⅞
Kroger Co.	35⅛	35⅜
Leaseway Trans.	32½	33⅛
Levi Strauss	36⅝	34⅞
Libby Ow. Ford	24⅝	24¼
Liggett Group	36¼	36¼
Lilly (Eli)	49⅝	48
Litton Industries	20⅝	19⅞
Lockh'ed Aircrft	20¼	19½
Lone Star Ind'sts	21⅛	21⅛
Long Isl'nd Ltd	17½	17⅛
Louisiana Land	22¾	21¾
Lubrizo	45¾	45⅛
Lucky Stores	15⅛	15
Lykes Corpn	8¾	8⅜
MacMillan	10¼	10⅛
Macy R.H	35¾	35
Mfrs. Hanover	32⅞	32⅜
Mapco	29½	30½
Marathon Oil	54¼	53¾
Marine Midland	15⅛	15⅛
Marshall Field	17½	16½
May Dept. Stores	24	23¾
MCA	45⅝	41½
McDermott	21⅞	21⅜
McDonnell Doug.	33⅞	33⅛
McGraw Hill	24¼	24⅜
Memorex	30¾	30¼
Merck	68⅛	67⅞
Merrill Lynch	16⅜	15½
Mesa Petroleum	34⅜	32¾
MGM	44⅝	43
Minn. Mng & Mtg	63⅝	63⅛
Mobil Corp.	70	69¾
Monsanto	48⅛	47¾
Morgan J. P.	46	45¾
Motorola	40¼	40
Murphy Oil	43¼	43⅝
Nabisco	24¾	25⅜
Nalco Chemicals	27	27
National Can	19⅝	19
Nat. Distillers	19⅝	18⅞
Nat. Service Ind.	15⅜	14¼
National Steel	29⅜	29
Natomas	44½	41¾
NCR	62¼	61⅜
Neptune Int.	24½	23⅞
New England E.	21⅜	21¼
New England Tel	35⅛	35½
Niagara Mohawk	14¼	14⅛
Niagara Share	10⅜	10⅜
N. L. Industries	21⅛	20⅝
Norfolk & West'n	23¾	22¾
North Nat. Gas	34⅛	34¾
Nthn. States Pwr.	23⅝	23⅝
Nthwest Airliner	29⅜	28⅞
Nthw'st Bancorp	25¾	25¼
Norton Simon	16⅜	16⅛
Occident'l Petrol	17	16½
Ogilvy Mather	20	20
Ohio Edison	15⅝	15½
Olin	20	20¼
Overseas Ship	21⅞	21¾
Owens Corning	26⅛	26
Owens Illinois	19	17½
Pacific Gas	22⅝	22⅜
Pacific Lighting	21½	21⅜
Pan Pwr. & Lig.	19⅞	19¾
Pan Am World Air	6⅛	6⅛
Parker Hannifin	25	24½
Peabody Intl.	25⅜	25
Penn Pw. & L.	19⅜	19¼
Penney J. C.	31⅜	30¾
Pennzoil	31⅛	30⅜
Peoples Drug	10⅜	10½
Peoples Gas	33⅝	33⅜
Pepsico	25⅛	25⅞
Perkin Elmer	28	27½
Pfizer	34⅜	33¼
Phelps Dodge	21⅝	21⅛
Philadelphia Ele.	16⅛	16
Philip Morris	71¼	70¾
Phillips Petro'm.	31½	31
Pilsbury	36	36⅝
Pitney-Bowes	23¾	23⅛
Pittston	18⅞	18
Plessey Ltd ADR	21½	21¼
Polaroid	53⅞	52⅞
Potamac Elec.	13¾	13⅝
PPG Industries	24¾	24¼
Procter Gamble	88⅝	88½
Pub. Ser. Elect	20⅞	20⅝
Pullman	36½	35⅞
Purex	15½	14⅞
Quaker Oats	23½	22¾
Rapid American	15¼	14⅛
Ratheon	48¼	47⅝
RCA	27	26⅝
Republic Steel	23¾	22⅞
Sesorts Intl.	31	31¾

Stock	Jan. 3	Jan. 2
Revlon	52⅝	51⅜
Reynolds Metals	33⅝	32¾
Reynolds R.J.	55¼	55⅜
Rich'son Merrell	23⅝	24¼
Rockwell Inter.	35	35¼
Rohm & Haas	32¼	31½
Royal Dutch	61⅝	60⅝
RTE	10¾	10
Ross Togs	10	10
Ryder System	24⅝	24¼
Safeway Stores	41¼	40⅞
St. Joe Minerals	23¾	22⅞
St. Regis Paper	28½	28⅝
Santa Fe Inds.	30½	29⅞
Saul Invest	6½	6⅛
Saxon Inds	5¼	4⅞
Schlitz Brewing	10¼	10⅜
Schlumberger	96	96½
SCM	17½	17⅛
Scott Paper	14½	14
Scovil Mrg.	17⅛	17¾
Scudder Duo Cap	8¼	8⅛
Sea Container	21⅞	21
Seagram	28¼	28⅛
Searle (G.D.)	12⅞	13
Sears Roebuck	20¼	20
SEDCO	31½	30
Shell Oil	32⅜	32¼
Shell Transport	45⅞	45⅜
Signal	22¼	20⅝
Signode Corp.	29⅜	29⅛
Simplicity Pat	9⅜	9⅛
Singer	16	14½
Smith Inter.	46¾	46⅜
Smith Kline	91	91
Solitron	4	3⅞
Southdown	32⅛	32⅞
Southern Cal. Ed.	26¼	25⅞
Southern Co.	14	13⅝
Southern Nat Res	32¾	32⅝
Southern Pacific	27¾	26⅜
Southern Railw'y	47	47
Southland	27¼	27⅛
S'w't Bancshares	24	24⅛
Sperry Hutch	15¼	15½
Sperry Rand	45¾	45⅜
Squibb	28	27⅞
Standard Brand	23½	23⅝
Std.Oil California	47	46⅞
Std. Oil Indiana	56¾	56⅝
Std. Oil Ohio	41	41½
Stauff Chemical	39	38
Sterling Drug	16⅜	16
Studebaker	28¼	28¼
Sun Co.	42⅝	42⅞
Sundstrand	23½	22
Syntex	35	34¼
Technicolor	10⅞	10¼
Tektronix	49⅝	48
Teledyne	101	100
Telex	5¼	5⅜
Tenneco	30⅛	30¼
Tesoro Petr'leum	6	6
Texaco	24¼	24
Texasgulf	20⅜	19
Texas Eastern	33⅝	34¼
Texas Inst'm	82⅝	80¼
Texas Oil & Gas	33⅝	32⅛
Texas Utilities	18⅞	19
Times Inds	43¾	42¾
Times Mirror	31	30
Timken	50	50
Trane	38⅝	38⅞
Tran. America	16⅛	16⅛
Transco	20⅜	20⅜
Tran. Union	30	30
Tran-way Intrn.	21	21
Tran World Air	18½	17⅝
Travelers	34⅜	34
Tri-Continental	18¼	17¾
Triton Oil & Gas	5¼	5⅛
TRW	37	36⅝
20th CenturyFox	32⅞	30⅛
U.A.L.	30½	29⅝
UARCO	30⅛	30⅝
UGI	17½	17
Unilever	42	42
Unilever NV	61½	61
Union Bancorp	28½	28⅛
Union Carbide	35¼	34⅞
UnionCommerce	8¼	8⅜
Union Oil Calif	57⅝	57
Union Pacific	52¾	52½
Uniroyal	6¼	6
United Brands	10⅝	9⅝
US Bancorp	27⅛	27½
US Gypsum	26⅞	26¾
US Shoe	22¼	21⅛
US Steel	22⅝	22
UtdTechnologies	40	39¼
UV Industries	23⅞	22⅛
Virginia Elect	14⅛	13⅞
Wagreen	24⅞	24½
Wallace-Murray	19¼	19⅝
Warner-Commn.	49⅛	47¾
Warner-Lambert	25¾	25¼
Waste-Man'ment	27	26½
Wells-Fargo	27	27¼
Weston Bancort	24⅝	24⅝
Western N.Amer.	24¼	23⅞
Western Union	16	15½
Westing'he Elec.	17¼	17⅛
Weyerhaeuser	24¾	25
Whirlpool	19½	19½
White Con. Ind	17⅝	17½
William Co.	16⅛	15⅜
Wisconsin Elect	25⅞	25⅞

Stock	Jan. 3	Jan. 2
Woolworth	19½	19⅜
Wyly	4⅝	4⅛
Xerox	54⅞	54⅛
Zapata	12½	11½
Zenith Radio	12⅞	12¾
U.S.Treas. 4% '80	†93⅞	†93½
USTreas4¼%75/85	†77⅞	†78⅛
U.S. 90-day bills	9.09%	9.13%

CANADA

Stock	Jan. 3	Jan. 2
Abitibi Paper	19⅝	19¾
Agnico Eagle	5⅞	5⅞
Alcan Aluminium	40½	40
Algoma Steel	25⅞	26¼
Asbestos	47¾	†47
Bank of Montreal	25⅜	25⅜
Bank NovaScotia	24⅛	24⅛
Basic Resources	4.85	4.50
Bell Telephone	65¼	64⅞
Bow Valley Ind	22	21⅛
BP Canada	21	20¼
Brascan	19⅛	18⅜
Brinco	†7.00	†7.37
Calgary Power	40½	40⅝
Camflo Mines	13¼	13½
Canada Cement	12⅛	12⅛
Canada NW Lan.	10⅞	11
Can.Imp.Bk.Com	29⅛	29¼
Canada Indust	†20⅛	‡20⅝
Can. Pacific	25⅜	25½
Can. Pacific Inv.	24⅜	24½
Can. Super Oil	77	76¼
Carling O'Keefe	4.95	4.90
Cassiar Asbestos	10	10
Chieftain	28¼	28
Cominco	33¼	31¾
Cons. Bathurst	14	14
Consumer Gas	18¾	18⅝
Coseka Resource	5.50	5.50
Costain	11	11
Daon Devel	14⅛	14
Denison Mine	75½	74¼
Dome Mine	92	92
Dome Petroleum	96	96
Dominion Bridge	32⅛	†32⅛
Domtar	25	24½
Dupont	15¾	†16⅝
Falcon'ge Nickel	34½	32¼
Ford Motor Can	73	71⅝
Genstar	38¾	37¾
GiantYell'wknife	10	†10
GulfOil of Canada	37	36⅝
Hawker Sid. Can.	8⅝	8⅝
Hollinger	38¼	38¼
Home Oil 'A'	46⅝	45⅞
Hudson Bay Mng.	†20	20
Hudson Bay	20¾	20½
Hudson Oil & Gas	55	55½
I.A.C	18¼	17⅛
Imasco	†39⅜	39½
Imperial Oil	26¼	25⅝
Inco 'A'	†18⅝	†18⅝
Inda	12¾	12½
Inland Nat. Gas	11	11
Int'p.v. Pipe Line	16⅜	16⅛
Kaiser Resource	16⅞	16¼
Lauri Fin. Corp.	10	9⅞
Loblaw Com. 'B'	4.45	†4.40
McMill'n Bloed'l	24⅜	25⅛
MasseyFerguson	12	11⅛
McIntyre	25	24
Moore Corpn	33⅛	33¼
Mountain State R	5.50	5.40
Noranda Mine	39¼	37¾
Norcen Energy	18¾	18¼
Nth. Telecom	37	36⅛
Numac Oil & Gas	31	30¾
OakwoodPetro'p	4.75	4.70
Pacific Copper M	1.86	1.88
Pacific Petrol'm	61¾	61¾
Pan CanPetrol'm	39	39½
Patino	†19	†19
Peoples Dept. S.	6¾	6¾
Place Gas & Oil	2.27	2.27
Placer Develop't	27⅛	26½
Power C'porat'n	23¾	23¾
Price	†25¼	†23¼
QuebecSturgeon	1.35	1.35
Ranger Oil	17	16¼
Reed Stenhouse	†10¼	†10½
Rio Algom	35¼	34½
Royal Bk. of Can.	38⅛	38¼
Royal Trustco	13⅜	†13⅛
Sceptre Resources	8⅝	8⅝
Seagram	33¼	33¼
Shell Canada	16⅜	16⅜
Sherritt G. Mines	8¼	7⅞
Siebens O. G.	38⅝	38⅝
Simpson	2.30	2.30
Steel of Canada	28¾	27⅞
Steep Rock Iron	3.65	†3.60
Texaco Canada	51½	50¾
Toronto Dom.Bk.	22⅛	22⅛
TransCanPipeLn	18	17½
Trans Mount Opt	8⅝	8⅝
Trizec	†16	†17
Union Gas	10	10
UntdSiscoe Mnes	9⅝	9¾
Walker Hiram	40¾	39⅝
West Coast Trans	11⅝	11¾
Weston (Geo.)	23¼	23

† Bid. ‡ Asked. § Traded. || New stock.

GERMANY ◆

Jan. 4	Price Dm.	+ or —	Div. %	Yld. %
AEG	77.8	—0.9	—	—
Allianz Versich.	495	....	31.2	3.2
BMW	226.5	—4.5	28.12	6.2
BASF	136	—2	18.78	6.9
Bayer	136.6	—1.4	18.75	6.9
Bayer-Hypo	302xr	—3	28.12	4.7
Bayer-Ver'insbk	315.5	—4.5	28.12	4.5
Commerzbank	224.5	—2.5	26.56	5.9
Conti Gummi	65.5	—1.4	—	—
Diamler-Benz	319.5	—3.5	28.12	4.4
Degussa	250	—2	26.56	5.3
Demag	173	—4	17.18	10.0
Deutsche Bank	306	—3.5	28.12	4.6
Dresdner Bank	245.5	—3.5	28.12	5.7
Dyckerhoffze't.	178	—4	9.38	2.6
Gutehoffnung	237.5xd	—4	18.28	3.8
Hapag Lloyd	99	—1	14.06	7.1
Harpener	155.5	—2.5	15.88	5.0
Hoechst	134.8	—1	18.78	6.9
Hoesch	46.8	—2.2	—	—
Horten	154	—2.5	9.38	3.0
Kali und Salz	145.5	—0.5	14.04	4.9
Karstadt	324	—3.5	23.44	3.6
Kaufhof	246.5	—2.5	18.78	3.8
Klockner DM.100	93	—2.9	—	—
KHD	195	—2.7	18.78	4.8
Krupp DM.100	96	—4	—	—
Linde	286	—4	25	4.4
Lo'brau DM.100	1,555	....	25	8.0
Lufthansa	98.2	—0.8	9.38	4.8
M.A.N.	228	—4	18.78	4.1
Mannesmann	176.5	—3.5	17.18	4.8
Metallges	252.5	—2.5	15.65	3.1
Munchener Rck	700	—10	28.12	2.0
Neckermann	168	—4	—	—
Preuss'gDm100	160.5	—2.5	—	—
RheinWestElect	184.5	—0.2	25	6.8
Schering	260	—1.8	28.12	5.4
Siemens	286.2	—2.3	25	4.4
Sud Zucker	250	—2.5	17.88	3.6
Thyssen A.G.	118	—2.8	17.18	7.3
Varta	184	—2	16.18	4.6
VEBA	151.5	—1	9.38	3.6
VereinsdW'stBk	297	—1	28.12	4.8
Volkswagen	245.6	—1.9	25	5.1

TOKYO ¶

Jan. 4	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	359	+1	14	1.9
Canon	486	....	12	1.2
Casio	898	....	25	1.4
Chinon	360	+1	20	2.8
Dai NipponPrint	585	+5	18	1.5
Fuji Photo	656	—10	15	1.1
Hitachi	267	+2	12	2.2
Honda Motors	492	+2	18	1.9
House Food	1,040	+10	35	1.7
C. Itoh	240	—2	12	2.5
Ito Yokado	1,780	+10	30	0.8
Jacos	744	....	15	—
J.A.L.	2,810	....	—	—
Kansai Elect.Pw	1,220	+20	10	0.4
Komatsu	382	+8	18	2.3
Kubota	294	+1	15	2.6
Kyoto-Ceramic	3,600	....	35	—
Matsushita Ind.	711	—12	20	1.4
Mitsubishi Bank	286	....	10	3.5
Mitsubishi He'vy	133	+3	12	4.5
Mitsubishi Corp	418	+2	13	1.5
Mitsui & Co.	285	—6	14	2.4
Mitsukoshi	567	+3	20	1.8
Nippon Denso	1,420	—40	15	0.5
Nippon Shinpan	772	—13	12	0.8
Nissan Motors	696	—7	16	1.1
Pioneer	1,770	....	48	1.3
Sanyo Eletric	264	—1	12	2.3
Sekisui Prefab.	957	+11	30	1.6
Shiseido	1,180	....	20	0.8
Sony	1,670	—10	40	1.2
Taisho Marine	245	+4	11	2.2
Takeda Chem	530	+4	15	1.4
TDK	1,870	—20	30	0.8
Teijin	144	+2	10	3.5
Tokyo Marine	518	+11	11	1.1
TokyoElect Pow	1,090	—10	8	3.7
Tokyo Sanyo	332	—10	12	1.8
Toray	186	+1	10	2.7
Toshiba Corp.	154	—3	10	3.2
Toyota Motor	882	+1	20	1.1

Source Nikko Securities, Tokyo

AMSTERDAM

Jan. 4	Price Fls.	+ or —	Div. %	Yld. %
Ahold (Fl.20)	116.8	—0.5	18	4.8
Akzo (Fl.20)	30.3	+0.3	—	—
Alg'm Bk (Fl 100)	372.0	....	A23½	6.4
AMEV (Fl.10)	90.9	+0.4	50	5.5
Amrob'k (Fl.20)	75.3	—0.3	A23½	6.3
[illegible]				

BRUSSELS/LUXEMBOURG

Jan. 4	Price Frs.	+ or —	Div. Frs. Net	Yld. %
Arbed	2,220	—15	—	—
Berket "B"	2,610	....	116	4.5
C.B.R. Cement	1,008	....	100	9.9
Cockerill	476	+14	—	—
EBES	2,400	+5	177	7.4
Electrobell.	6,750	—10	455	6.7
Fabrique Nat.	3,080	—10	100	5.5
G.B. Inno Bm.	2,530	—10	150	5.9
Gevaert	1,422		85	6.0
[illegible]				

AUSTRALIA

Jan. 4	Aust. $	+ or —
ACMIL (25 cents)	†0.67	—0.05
Acrow Australia	†0.90	—0.10
AMATIL $1	†2.15	+0.05
Ampol Exploration	†1.46	+0.07
Ampol Petroleum	†0.78	......
Assoc. Minerals	†1.30	+0.05
Assoc. Pulp Paper $1	†1.70	+0.02
Assoc.Con.Industries	†1.87	+0.02
[illegible]		

OSLO

Jan. 4	Price Kroner	+ or —	Div. %	Yld. %
Bergen Bank	106.75	+0.25	9	8.5
Borregaard	68.75	—1.75	—	—
Creditbank	120.0	+0.5	11	9.2
Kosmos	290.0	+2.5	20	6.9
Kreditkassen	115.5	—0.5	11	9.5
Norsk HydroKr5	185	+1	12	5.1
Storebrand	90.0	—2.5	7	7.8

BRAZIL

Jan. 3	Price Cruz	+ or —	Cruz Div.	Yld. %
[illegible]				

JOHANNESBURG

MINES Jan. 4	Rand	+ or —
[illegible]		

Securities Rand $U.S.0.63½ (Discount of 44.2%)

SWITZERLAND ⊕

Jan. 4	Price Frs.	+ or —	Div. %	Yld. %
[illegible]				

COPENHAGEN ♣

Jan. 4	Price Kroner	+ or —	Div. %	Yld. %
[illegible]				

VIENNA

Jan. 4	Price %	+ or —	Div. %	Yld. %
[illegible]				

MILAN

Jan. 4	Price Lire	+ or —	Div. Lire	Yld. %
[illegible]				

PARIS

Jan. 4	Price Fre.	+ or —	Div. Frs.	Yld. %
[illegible]				

STOCKHOLM

Jan. 4	Price Kronor	+ or —	Div. Kr.	Yld. %
[illegible]				

SPAIN ♥

Jan. 4	Per cent	+ or —
[illegible]		

هكذا من الأصل

COMMODITIES, RAW MATERIALS and AGRICULTURE

Peru copper strike postponed

LIMA—A Southern Peru Copper Corporation spokesman said workers at its Cuajone copper mine have postponed an indefinite strike for more pay, due to have started yesterday, reports Reuter.

Cuajone's 1,200 workers told mine officials their stoppage will begin on January 9 to coincide with the start of a three-day general strike, he said.

Our Commodities Staff writes: Copper prices moved up on the London Metal Exchange yesterday following forecasts of a hefty fall in warehouse stocks this week. Also encouraged by a rise in the New York copper market, cash wirebars closed £7.5 higher at £776.75 a tonne.

In contrast cash tin lost ground on reports of fresh arrivals from Malaysia coming into Europe. Cash price for standard grade tin closed £22.5 lower at £6,910 a tonne, while the three-months quotation was £5 up at £6,842.5 reducing the gap to £57.5 compared with more than £100 earlier in the week.

Lead prices were held steady by further rumours of Russian buying, and zinc gained ground on trade buying interest.

Optimism on Brazil soya production

By Our Commodities Staff

THE BRAZILIAN soya crop seems to be progressing well, despite isolated problems with excess rain, sources at the Bank of Brazil's Foreign Trade Department (CACEX) said yesterday.

For the time being the department is standing by the Agriculture Ministry's latest estimate, putting the size of the new crop at between 13.5m and 13.95m tonnes.

As the annual discussions on Brazilian soyabean marketing got under way in Rio de Janeiro, the sources said CACEX would like to leave the sale of the crop as free as possible from Government control.

How far this can be achieved, however, will depend on how the crop develops, they said, adding that part of the marketing policy can only be decided as the season progresses.

Last year large drought losses forced the department to enforce a very cautious export policy to safeguard domestic supplies.

Sharp rally in cocoa market

BY RICHARD MOONEY

COCOA PRICES rallied strongly on the London futures market yesterday as dealers reacted against the recent sustained decline.

The May position, which registered a £40 permissible limit rise during the afternoon, ended the day £39.25 higher on balance at £1,981.5 a tonne.

The rise was encouraged by the announcement in Accra of a low Ghana main crop purchase figure. The Ghana Cocoa Marketing Board said purchases in the 13th week of the season (ending January 4) amounted to 5,544 tonnes, taking the cumulative total to 199,769 tonnes.

Some dealers pointed out, however, that the low figure was not surprising as the period covered was largely taken up with public holidays.

The market may also have been influenced by caution ahead of the major fourth quarter 1978 grinding figures expected next week.

But the advance runs counter to some other fundamental considerations, particularly recent promising indications of Brazilian temporao crop prospects and the fact that afloat cocoa is currently readily available on the London market.

Dealers noted that the price rise was not matched by increased manufacturer offtake.

Coffee prices also rose in London yesterday and the March position ended the day £19.5 higher at £1,368.5 a tonne—the highest level since the end of November.

The rise was mainly attributed to news that a cold wave had hit Mexican coffee growing areas this week. Mexico's coffee season starts in October and the main harvest begins in February.

Bad weather in Europe is causing supply difficulties and it is feared the strikes by UK lorry drivers and Dutch bargemen will add to these. Late arrivals of steamers are causing further concern.

In Latin America meanwhile, Guatemala announced it had contributed its $10m share to a common fund for supporting coffee prices on world markets.

The so-called "Bogota Group" of producers claims to have $150m to finance its price support strategy. Guatemala's contribution means that all the group's members have now paid their share.

Californian citrus crop hit by frost

LOS ANGELES—California State agricultural sources are still assessing the damage done to the citrus crop by the freeze last month. So far, it appears that citrus growers are the biggest losers. Their production is expected to be almost 20 per cent below predictions before the frost, reports AP-Dow Jones.

Florida and Texas citrus growers have more immediate worries. Florida growers were maintaining a "freeze alert" this week. Cold weather earlier this week didn't damage Florida's citrus crop, but an official of Florida Citrus Mutual said he is "concerned" about the latest forecast because "we haven't had any cold weather this year and the trees just aren't in any condition to withstand severely cold temperatures."

While growers waited futures prices of frozen orange juice rose the permissible 5 cents a pound daily limit on the New York market as traders scurried to buy in case a freeze depleted supplies.

In Texas, freezing weather on Tuesday night damaged much of the state's $45m citrus crop and growers were preparing for more freezing weather. Texas Agriculture Department officials say some growers believe they have lost half their crop, but the major concern is how much damage was done to the trees themselves and how badly crops in the next two years will be affected. Texas grows 5 per cent of U.S. oranges and 16 per cent of its grapefruit.

In California, there was scattered damage to crops other than citrus, but most escaped with minimal damage.

New nickel output rise planned

By John Edwards, Commodities Editor

IN A SURPRISE move, Falconbridge Nickel Mines announced yesterday it was planning to increase production by about 10 per cent at its Sudbury mines.

Reuter reported from Toronto that the company had told union employees it planned to recall 250 laid off employees during the first half of 1979, and as a result of the planned production increase the present five-day working week will be increased to seven-day working in the second half of the year.

Falconbridge's move comes at a time when negotiations have just been resumed between International Nickel and workers at its Sudbury mines who have been on strike since September 15. Talks seeking a settlement started on Wednesday and are still continuing.

The strike by workers at Inco's main production unit has obviously reduced the massive surplus stocks held by the company. But there is by no means any shortage of nickel and if anything, conditions in the market are reported to have become slightly more competitive recently.

Free market prices, which are normally a good indicator of market trends, moved down in the last month. Some trade sources were anticipating a possible cut in producer prices this month in view of demand failing to pick up significantly.

Zaire cobalt price move

BRUSSELS—The Zaire state metals marketing organisation, Sozacom, said it has extended to three months from two months the price validity of its cobalt products.

New orders will now be guaranted at the price quoted at the time an order is placed for the currnet month plus the two following ones, instead of just to the end of the following month, a Sozacom spokesman said.

The price validity for cobalt orders was reduced to one month when prices rocketed last year due to short supplies caused partly by the invasion of the Shaba province. The latest decision brings the situation back ot normal, the spokesman said.

Reuter

EEC FARM SURPLUSES

Price cuts not the remedy

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

ONE OF THE most interesting truths of agricultural economics is that while high prices soon bring a corrective in extra production to bring prices down, low prices do not reduce output in anything like the same proportion.

As an example the potato shortages of 1975 and 1976 have been followed by two years of very low prices without any sign of decreasing output or reducing acreages.

A decade of static, or actually falling prices in the UK farming sector between 1955 and 1965 brought no fall in production, and in many sectors brought a definite increase in output. This must be qualified as far as pigs and poultry are concerned. In cases where the farmer buys all his feed, even quite short periods of loss-making can result in producers going out of business.

But where the bulk of production comes from the farm as in the case of milk, beef, grain and sugar, it takes a long time to put a farmer out of business. Indeed a loss-making period can well be a stimulus for increasing efficiency.

Over the period 1955-65, total returns on wheat fell from £30 per ton to £25 per ton and for barley remained at around £26 per ton. Production of wheat rose slightly over the period and output of coarse grains, mainly barley, more than doubled.

Milk returns to producers actually fell in pence per gallon terms but output showed no signs of decline. In fact there was a steady, although marginal, increase in production. This was despite the operation of the standard quantity system whereby producers only received about 90 per cent of the guaranteed price.

British Government policy throughout the decade was to limit agricultural production by restricting returns, but this policy failed to achieve its objective.

Farmers countered the policy in two main ways. Both by increasing yields per cow or per acre, and by reducing labour. Over the period a third of the full-time male workers left. There was a slight reduction in farmers and a number went out of dairying.

But, and this is an important point, although the number of dairy cows was slightly reduced this was nullified by an increase in yields per cow.

This is ancient history now. But it is very pertinent to the present moment, with the European Commission in Brussels looking at ways of cutting back on milk production as a means of reducing the structural surplus of supplies which is costing about £80 for every cow in the Community.

The latest suggestion is a price "freeze" on the guarantee level, with a co-responsibility levy which will result in a cut in guaranteed prices. This was brought in to a limited extent two years ago, but the impact of the 1½ per cent levy, now removed, was hardly felt at all.

If British experience is any guide, and I believe it is, any levy may well serve more to increase production than reduce it. What it does is to stimulate efficient producers to increase output in order to reduce their unit costs.

During the period of the most severe restraint on prices in Britain through the operation of the standard quantity system, there was a demand from the smaller farmers, and some of the larger ones too, for a quota scheme on farms. The idea was that those over-producing should only receive a world price equivalent for the surplus while the remainder received the guaranteed price.

This was turned down by the Milk Marketing Board and the National Farmers Union, on the grounds that the industry was better off without such interferences with market forces. But it is worth emphasising that standard quantities were used to limit guarantees until Britain's entry into the Community.

Both the Germans and Dutch farming organisations have suggested quota systems on a national basis, possibly applying them to individual farms. This is not quite so disinterested as it sounds as both countries have increased milk production substantially over recent years. British and Irish interests are insistent that quotas should not apply to them.

Officially the Commission is against any form of national or individual quota on the grounds that it would tend to destroy competition, and the spirit of the Community. In this ostrich-like stance the Commission ignores the many ways in which national measures are already frustrating true competition.

It is a fact, though, that while the Commission is condemning quotas in public, many Brussels officials says quotas in the end are the only solution to the EEC's milk problem.

Meanwhile there have been other suggestions. One is to suspend intervention buying, perhaps of skimmed milk, for a period so forcing manufacturers to seek out other markets. The effect of this would undoubtedly be a collapse in prices as manufacturers dumped their marginal production wherever they could find an outlet.

Britain, being a deficit area could well become the recipient. There is not much communautaire spirit in those circumstances. It is worth pointing out that the British chipboard industry is in deep trouble because of the dumping of marginal supplies from fellow members of the Community.

Other suggested remedies, such as putting levies on feeding stuffs at present imported duty free, are akin to throwing the baby out with the bath water. The real sufferers would be the pig and poultry farmers.

The situation almost defeats the wit of man. It is worth remembering that Dr. Mansholt, the former EEC Agricultural Commissioner did have one answer when he suggested under his plan that land, livestock and farmers should all be taken out of production together. He was right. Where is he now?

Australian sugar production estimated

BRISBANE — Australia's 33 sugar mills crushed 21.46m tonnes of cane in the 1978 season (ended December 23) against 23.49m tonnes in 1977, the Australian Sugar Producers Association reported here yesterday.

Output was restricted under Australia's International Sugar Agreement (ISA) obligations.

Raw sugar output figures are not yet available, but it appears low sugar content in the season, mainly due to wet weather in Queensland, will reduce output below the 2.94m tonnes quota. An Association spokesman said preliminary raw output figures should be available next week. These are expected to show total production of between 2.8m and 2.83m tonnes. In 1977 output totalled 3.34m tonnes.

Meanwhile an Australian Sugar Producers' Association official said flooding, heavy rains and high winds in the aftermath of tropical cyclone Peter which hit the Cape York Peninsula last Sunday has flattened most of the sugar cane stood over from the 1978 harvest in North Queensland.

The rains and floods had affected 10 of Queensland's 30 mill areas, north of the Herbert River, he said.

The areas contain nearly 2m of the 3.15m tonnes of cane stood over due to ISA export limits.

No detailed assessment of crop losses is available yet, the official said. All standover cane was down and there had been some breakage and some rotting of cane would occur, he added.

Advanced young cane in some areas is also flat and large areas have been inundated with flood waters.

Although cane can recover well from inundation, it loses sugar content, and once flattened, it stays down, requiring expensive adjustments to harvesting techniques.

Reuter

Pakistan and Hong Kong in cotton talks

HONG KONG—Pakistan Commerce Minister, Zahid Sarfraz, will visit Hong Kong on January 8 for discussions with the Hong Kong Cotton Spinners Association and local raw cotton and yarn importers on Pakistan's recent raw cotton ban, a Pakistan Consulate spokesman said here.

The Minister will go to Japan on January 9, but the purpose of this visit is not immediately known, he added.

In early December, Pakistan banned raw cotton exports to reduce speculative pressure on its domestic market.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained ground in moderate trading on the London Metal Exchange. Forward metal opened higher at £787 and gradually moved ahead to close a fraction below the day's highest level of £791.5, following forecasts of further outgoings from LME warehouses in the near future coupled with another strong performance by Comex. Turnover 43,525 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	774.5-5	+5.5	776.5-7	+7.5
3 months	789.5-90	+5	790.5-1.5	+7.25
Settl'm't	775	+5.5	—	......
Cathodes				
Cash	759.5-60	+2.25	762-.5	+5.25
3 months	777.5-8	+4	779.5-80	+5
Settl'm't	760	+2	—	......
U.S. Smt.	—	......	*72-5	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £774.5, three months £788, 88.5, 89, 89.5, 90. Cathodes, early Jan. £760. Kerb: Wirebars, three months £789.5, 89. Afternoon: Wirebars, cash £777, three months £789.5, 90, 90.5, 91, 91.5, 91. Cathodes, early Jan. £761.5, three months £779. Kerb: Wirebars, three months £791, 90.5, 91.

TIN—Barely changed. Forward metal opened at £6,840 and edged up to the day's high of £6,870 in the morning rings, reflecting the steadiness of the Penang market coupled with some fresh buying. However, the afternoon trade saw profit-taking enter the market with forward metal finally £6,850 on the late kerb. A slight narrowing in the backwardation reflected fresh arrivals of tin into LME warehouses. Turnover 1,680 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6955-65	-17.5	6910-30	-22.5
3 months	6875-900	+17.5	6860-80	+28
Settlem't	6965	-25	—	......
Standard				
Cash	6946-70	-15	6900-20	-22.5
3 months	6860-5	+10	6840-5	+5
Settlem't	6950	-18	—	......
Straits. E.	†$1821	......		
New York	—	......		......

Morning: Standard, cash £6,945, three months £6,865, 70, 65, 60, 55, 60. High Grade, cash £6,970. Kerb: Standard, cash £6,940, three months £6,860, 50. Afternoon: Standard, three months £6,850, 45, 40, 45. Kerb: Standard, three months £6,845, 50.

LEAD—A shade easier in fairly active trading following trade interest both ways. Forward metal opened around £419.5 and edged up to £421.5 before easing to close on the late kerb at £420.5. Turnover 10,625 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	454-5	-10½	456.5-7	-.25
3 months	420-.5	-4	420.5-1	-.25
Settlement	455	-10	—	......
U.S. Spot	—	......	*36.36	......

Morning: Cash £455, 54.5, 54, three months £420, 20.5, 20, 21, 20.5, 20. Kerb: Three months £420.5. Afternoon: Cash £457, three months £421.5, 21, 20.5. Kerb: Cash £456, three months £420.5, 21, 21.5.

ZINC—Moved ahead following trade buying which took forward metal up from £350 on the pre-market to the day's high of £355.5 on the late kerb. Turnover 5,700 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	345.5-4	+5.25	345-4	+5
3 months	354-.5	-7	354-.5	+4.75
S'ment	344	+5.5	—	......
Prim.west	—	......	*33.5-4.5	......

Morning: Cash £342, 44, 44.25, 44, three months £351, 51.5, 52.5, 53.5, 54, 54.5, 54. Kerb: Three months £353.5. Afternoon: Early March £355, three months £353.5, 54.5, 55, 55.5, 55, 54.5. Kerb: Three months £354.5, 55.

ALUMINIUM—Steady in quiet trading with the only feature of the market being an easing in the nearby supply situation which narrowed the backwardation slightly. Forward metal opened around £616, edged up to £617 but then eased to close at £616 on the late kerb. Turnover 1,775 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	618-.5	-.75	618-.9	-.75
3 months	616-.5	-1.75	615.5-7.5	+.25

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Cash £618.5, three months £616. Afternoon: Cash £620, three months £616.5, 17. Kerb: Three months £616, 16.5.

SILVER

Silver was fixed 0.7p an ounce lower for spot delivery in the London bullion market yesterday at 296.5p. U.S. cent equivalents of the fixing levels were: Spot 596.2c, down 0.7c; three-month 611.90c, down 0.4c; six-month 634.7c, down 0.8c; and 12-month 652.6c, down 0.3c. The metal opened at 296-297p (595½-597c) and closed at 296½-297½p (596-598½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	296.5p	-0.5	297p	+2.0
3 months	303.8p	-0.4	304.55p	-0.15
6 months	310.8p	-0.5	—	—
12 months	326.3p	-0.5	—	—

LME—Turnover 449 (213) lots of 10,000 ozs. Morning: Three months 304, 4.1, 4.2, 4.3, 4.2. Kerb: Three months 304.1, 304. Afternoon: Three months 304.3, 4.4, 4.5, 4.6, 4.5, 4.7. Kerb: Three months 304.2, 4.1, 4.2, 4, 3.8, 3.7.

COCOA

Cocoa futures were steady throughout the day, with a low purchase figure from Ghana attracting further short covering for prices to close £40 higher than last night's levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1944.5-45.0	+48.00	1948.0-10.0
May	1981.0-82.5	+39.25	1984.5-52.0
July	1991.0-92.0	+40.60	1994.0-57.0
Sept	2000.0-2008	+38.00	2008.0-1920
Dec	2011.0-12.0	+35.75	2018.0-1980
March	2065.0-20.0	+39.50	2010.0-1980
May	2098.0-20.0	+41.00	—

Sales: 3,546 (3,849) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price for Jan. 3 173.35 (177.21). Indicator price for Jan. 4: 15-day average 177.41 (177.92); 22-day average 178.73 (179.26).

COFFEE

Differentials widened further in Robustas due to further heavy buying in the January position, Drexel Burnham Lambert reported. Fears continued to mount over availability of Robustas in Europe despite reports of physical transactions, but dealers attributed the squeeze to a combination of factors including producer linked support buying. Closing values were unchanged to £35 higher on the day.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
January	1560-1564	+43.5	1570-1555
March	1368-1369	+19.5	1369-1357
May	1275-1277	+20.0	1285-1276
July	1225-1226	+24.5	1234-1225
September	1187-1191	+22.5	1199-1188
November	1155-1160	....	1170-1160
January	1125-1140	-0.25	1136-1150

Sales: 4,043 (3,176) lots of 5 tonnes.

ICO indicator prices for Jan. 3 (U.S. cents per pound): Colombian Mild Arabicas 173.00 (same); unwashed Arabicas 143.50 (same); other Mild Arabicas 134.33 (133.17); Robustas ICA 1976 to 131.50 (130.50); Robustas ICA 1968 132.50 (131.50). Daily average 139.92 (131.84).

GRAINS

LONDON FUTURES (GAFTA)—Grains opened 10-15p up on old crops. Wheat in reasonable trading conditions increased to trade 50p higher, but some commercial selling eased values slightly to close about steady 20-35p higher. Barley saw good buying interest particularly on the spot position and values remained steady throughout the day and closed 30-40p higher. New crops again saw good buying interest and values increased on lack of sellers to close 45-55p up on the day, Acli reported.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Jan	92.20	+0.35	84.10	+0.45
Mar	94.00	+0.30	86.30	+0.30
May	96.55	+0.19	88.85	+0.30
Sept	90.55	+0.45	84.55	+0.45
Nov	93.40	+0.45	87.55	+0.30

Business done—Wheat: Jan. 92.35-92.00, March 94.15-94.00, May 96.60-96.35, Sept. 90.55-90.25, Nov. 93.50-93.45. Sales: 176. Barley: Jan. 84.20-83.85, March 86.45-86.30, May 89.00-88.75, Sept. 84.75-84.20, Nov. 87.60-87.25. Sales: 205.

HGCA—Location ex farm spot prices. Feed wheat: Hants and W. Sussex 86.90. Feed barley: North Lincoln 82.10, Hants and W. Sussex 80.50.

The UK monetary coefficient for the week beginning January 8 is expected to remain unchanged.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, Jan. 97.25, Tilbury. U.S. Dark Northern Spring No. 2, 14 per cent, Jan., Feb. and March 88.75, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Feb. 85.00, transhipment East Coast. EEC unquoted. Maize: U.S./French unquoted. French, Jan. 107.25, East Coast. S. African White Jan. 68.00. S. African Yellow Jan. 68.00. Barley: English feed fob Jan. 86.00, Feb. 87.00, March 88.50, April-June 91.25, East Coast.

RUBBER

STEADIER opening on the London physical market. Fair interest throughout the day, closing quietly steady. Lewis and Peat reported the Malaysian go-down price was 295 (same) cents a kilo (buyer, January).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Feb	56.30-56.85	55.65-55.70	56.40-56.25
Mar	57.10-57.15	56.50-56.55	—
Apr-Jne	58.60-58.65	57.35-58.00	58.60-58.30
Jy-Sept	60.75-60.80	60.20-60.25	60.90-60.50
Oct-Dec	63.05-63.10	62.45-62.50	63.15-62.50
Jan-Mar	65.30-65.35	64.70-64.75	65.50-65.00
Apr-Jne	67.55-67.60	66.95-67.00	67.55-67.20
Jy-Sept	69.80-69.85	69.20-69.25	69.85
Oct-Dec	72.10-72.15	71.50-71.55	—

Sales: 17 (14) lots of 5 tonnes. 142 (102) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 56p (5.25); Feb. 57.25p (56.75); March 57.75p (57.5).

WOOL FUTURES

LONDON—Close (in order buyer, seller): March 218.0, 225.0; May 224.0, 233.0; July 231.0, 240.0; Oct. 234.0, 240.0; Dec. 235.0, 242.0; March 238.0, 244.0; May 239.0, 250.0; July 239.0, 250.0. Sales: Nil.

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: March 350.5, 350.7, 350.5-350.5, 4; May 358.0, 358.8, 358.5-358.5, 1; July 362.0, 362.9, 362.5-262.5, 4; Oct. 364.0, 365.0, 364.0-364.0, 3; Dec. 367.5, 368.0, nil, nil; March 370.5, 372.0, nil, nil; May 372.5, 376.0, nil, nil; July 373.5, 376.0, nil, nil. Sales: 12.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): March 183.0, 185.0; May 184.0, 186.0; July 186.0, 190.0; Oct. 189.0, 193.0; Dec. 191.0, 197.0; March 192.0, 198.0; May 193.0, 199.0; July 193.0, 199.0. Sales: Nil.

BRADFORD—Wooltops. Prices show little change. Finer merinos were quoted slightly cheaper but New Zealand and English crossbreds showed a fractionally firmer tendency. Bad weather and the haulage drivers' strike affecting the flow of wool from ports are not yet thought to be serious problems.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Jan. 5 1979	+ or —	Month ago
Metals			
Aluminium	£710	....	£710
Free market (cif)	$1,225/55	+35.0	$1,170/80
Copper cash W Bar	£776.75	+7.5	£770
3 months do. do.	£791	+7.25	£789.5
Cash Cathode	£762.25	+5.25	£757.5
3 months do. do.	£779.75	+8.0	£775.75
Gold Troy oz.	$225.625	+6.25	$198.5
Lead cash	£455.75	-0.25	£433.5
3 months	£420.75	-0.25	£410.25
Nickel	‡	....	‡
Free Market(cif)(lb)	$1.65 / 1.76	....	$1.68 / 1.80
Platinum troy oz.	£152	....	£156
Free Market	£169.3	-2.5	£168.25
Quicksilver	$175/45	+4.15	$147/52
Silver troy oz.	295.5p	-0.5	300.55p
3 months	303.8p	-0.4	308.55p
Tin cash	£6,910	-22.5	£7,320
3 months	£6,842.5	+5.0	£7,187.5
Tungsten (2)	$140.69	-5.17	$142.88
Wolfram 22.04 cif	$152/57	-1.0	$137/45
Zinc cash	£343.5	+3.0	£355.25
3 months	£354.25	+3.75	£346
Producers	$720	....	$720
Oils			
Coconut (Phil)	$950r	+25.0	$875
Groundnut	‡	....	‡
Linseed Crude	£346	....	£343
Palm Malayan	$610z	-5.0	[illegible]
Seeds			
Copra Philip	$640r	+20.0	$575
Soyabean (U.S.)	$283.5v	-2.5	$279
Grains			
Barley			
Home Futures	£86.3	+0.3	£86.85
Maize			
French No. 3 Am	£107.25s	....	£106.25
Wheat			
No. 1 Red Spring	£97.25	....	£96.5
No.2 HardWinter	£85t	+0.75	£89.5
English Milling †	£95.5x	....	£94
Other Commodities			
Cocoa Shipment	£2287	+45.5	£2,147.5
Future May	£1,981.5	+39.25	£2,187.5
Coffee Future			
Mar	£1,368.5	+19.5	£1,383.5
Cotton 'A' Index	78.35c	-0.1	79.85c
Rubber kilo	56p	+0.75	60.25p
Sugar (Raw)	£95	+1.0	£99
Wooltops 64s (kilo)	258p	-2.0	274p

* Nominal. † New crop. ‡ Unquoted. n Jan.-March. q Jan.-Feb. r Feb.-March. s March. t Feb. x per ton. z Indicator.

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£per tonne		
February	124.50-24.6	+0.15	25.00-24.50
April	122.00-22.1	+0.70	22.00-21.30
June	120.50-20.8	+0.70	[illegible]
August	120.50-21.2	+0.10	21.00-20.50
October	120.50-24.8	+0.50	—
December	119.00-19.0	-1.75	24.00
February	118.00-25.8	+0.25	

Sales: 80 (89) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICES (raw sugar) £96.00 (£95.00) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £93.00 (£92.00).

First trades were around Kerb levels and buyers/sellers well matched during an active opening call, reported C. Czarnikow. Later, buyers predominated and prices rallied some 125 points as sellers withdrew scale-up. Arbitrage selling developed after New York opened and half the gains had been lost by the close.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	105.20-05.30	104.60-04.70	05.80-04.60
May	107.95-08.00	107.50-07.40	08.75-07.25
Aug	111.55-11.40	111.00-11.30	12.25-10.85
Oct	114.20-14.30	114.15-14.25	14.80-13.75
Dec	116.45-18.50	116.65-18.75	17.00
March	120.25-20.75	120.25-20.75	—
May	122.00-23.75	122.00-24.00	—

Sales: 3,120 (1,193) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £284.85 (same) a tonne for home trade and £168.00 (£167.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Jan. 3 Daily 7.71 (7.88); 15-day average 8.01 (8.03).

WHITE SUGAR: Close (in order buyer, seller, business, sales). Feb. 93.50, 93.75, 94.25-93.00, 65; April 100.75, 100.90, 101.75-99.75, 159; July 106.85, 107.25, nil; Sept. 113.00, 113.75, nil, nil; Nov. 119.00, 120.00, nil, nil; Feb. 123.50, 125.00, nil, nil; April 127.00, 130.00, nil, nil. Sales 230.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 58.0 to 61.0. Veal: Dutch hinds and ends 101.0 to 105.0. Lamb: English small 56.0 to 62.0, medium 54.0 to 60.0, heavy 48.0 to 58.0; Scottish medium 54.0 to 58.0, heavy 48.0 to 54.0. Imported frozen: NZ YLs old season 47.0 to 48.0. Pork: English, under 100 lb 36.5 to 48.0, 100-120 lb 36.5 to 45.0, 120-160 lb 36.0 to 42.0.

MEAT COMMISSION—Average fatstock prices at representative markets on Jan. 4: GB—Cattle 73.80p per kg.l.w. (+1.39). UK—Sheep 139.8p per kg.est.d.c.w. (+1.4). GB—Pigs 63.4p per kg.l.w. (−2.8). England and Wales: Cattle numbers up 22.9 per cent, average price 74.08p (+1.47). Sheep up 30.5 per cent, average 139.3p (+1.4). Pig up 19.7 per cent, average 63.4p (−2.8). Scotland: Cattle down 0.6 per cent, average 72.48p (+0.82). Sheep up 123.6 per cent, average 128.5p (−0.8).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Lemons—Italian: 120s new crop 5.25-5.75; Cyprus: Trays 4.00-5.00; Boxes 80/180s 4.50-8.00; Californian: Cartons 90/165 6.00-8.00. Oranges—Spania: Navel/Navelinas 3.30-4.00; Egyptian: Baladi 2.80-3.20; Greek: Navels 20 kilos 3.60-3.80; Israeli: 3.30-4.30, Shamouti 3.50-4.55. Sevilles—Spanish: 6.00. Clementines—Cyprus: 10 kilos 3.20-3.60; Moroccan: 3.20-4.20. Satsumas—Spania: Trays 2.30-3.20. Grapefruit—Texas: Red Blush 4.50-4.60; Florida: 4.60; Cyprus: 2.20-3.60; Israeli: Jaffa 40/75 3.40-3.60.

English Produce: Potatoes—Per 25 kilos 1.70-2.00. Lettuce—Per 12 round 1.80-2.00. Mushrooms—Per pound 0.60. Apples—Per pound Bramley 0.08-0.12; Cox's Orange Pippin 0.05-0.13; Worcester Pearmain 0.04-0.06; Russets 0.06-0.09; Spartan 0.08-0.10. Pears—Per pound Conference 0.10-0.16, Comice 0.14-0.18. Cabbages—Per crate 3.00. Beetroot—Per 28-lb 2.00. Carrots—Per 28-lb 2.80-3.30. Capsicums—Per pound 0.30. Onions—Per bag 2.20-2.50. Swedes—Per 28-lb 2.50. Turnips—Per 28-lb 3.00. Parsnips—Per 28-lb 3.80-4.00. Sprouts—Per pound 0.16-0.22.

*

HIDES—Manchester. Very firm. Second clear ox 31-35½ kilos 72.1p per kilo; 26-30½ kilos 78p; 22-25½ kilos 86.3p. Light cows 85.5p. No calf offered.

*

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £8.00-£9.80 codlings £5.40-£5.60; large haddock £5.00-£6.60, medium £5.00-£6.60; medium plaice £6.00-£7.20, best small £7.00-£7.40; large skinned dogfish £10.50, medium £6.50; rockfish £2.50-£3.00; reds £4.50.

AMERICAN MARKETS

NEW YORK, Jan. 4.

Copper—Jan. 68.95 (69.00), Feb. 69.60 (69.65), March 70.35, May 71.90, July 73.25, Sept. 74.35, Dec. 75.65, Jan. 76.10, March 77.00, May 77.90, July 78.80, Sept. 79.70.

CHICAGO, Jan. 4.

†Lard—Chicago loose 24.37 (24.00). NY prime steam 25.87 traded.

‡‡Maize—March 228¾-228½ (229¼), May 237-236¾ (238¾), July 242, Sept. 244¾, Dec. 249-249¾, March 257.

Soyabeans—Jan. 669½-670½ (668), March 682-683 (681), May 690¾-691½, July 698½-697¾, Aug. 692-692½, Sept. 670½, Nov. 658½-659, Jan. 667½.

‖Soyabean Meal—Jan. 186.70-186.50 (187.00), March 186.80-186.70 (185.80), May 186.20-186.10, July 186.50-186.30, Aug. 187.00, Sept. 186.50, Oct. 184.70-184.50, Dec. 184.70-184.50, Jan. 184.80-185.00.

Soyabean Oil — Jan. 24.40-24.44 (24.52), March 24.47-24.50 (24.51), May 24.45-24.50, July 24.45-24.50, Aug. 24.50-24.48, Sept. 23.87-23.90, Oct. 23.45, Dec. 23.25, Jan. 23.10-23.15, March 23.10.

*Wheat—March 332½-332 (337¼), May 323 (328¼), July 313-313¼, Sept. 319½, Dec. 330½.

All cents per pound ex-warehouse unless otherwise stated. *$s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam for NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 59-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$s per tonne.

EUROPEAN MARKETS

ROTTERDAM, Jan. 4.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Jan.-Feb. U.S.$152 a tonne. U.S. Hard Winter ord. Jan.-Feb. U.S.$151 a tonne.

Maize—U.S. No. 3 corn, yellow, April $117, Dec. $115.50, Jan.-March $114.50, April-June $115, July-Sept. $116, Oct.-Dec. $116.

Soyabeans—U.S. Yellow Gulf ports: Jan. 272.50, Feb., March, April, May 277.50, June, July, Aug. 278.50, Sept. 278, Oct. 265, Nov. 264, Dec. 267.25, Jan. 271, Feb. 274.50.

PARIS, Jan. 4.

Cocoa (in Ffr per 100 kilos)—March 1637-1639, May 1664-1665, July 1680 bid, Sept. 1695-1710, Dec. 1655-1675, March 1640 bid.

Coffee (Ffr per 100 kilos)—Jan. 1240 bid, March 1197-1198 with 1196-1197p, May 1140-1143 with 1140p, July 1080-1110, Sept. 1069-1080, Nov. 1035-1055, Jan. 1020-1050.

Sugar (Ffr per tonne)—March 811-815, May 860-865, July 865-875, Aug. 915-925, Oct. 940-960, Nov. 936-960, Dec. 960-980, March 985-1010.

● Commodity market coverage in these columns is being extended to include French sugar, cocoa, coffee, soyabean meal and wool market closing prices. More U.S. futures markets will also be covered including silver, live cattle, hogs, eggs, pork bellies and plywood from Chicago and orange juice and potatoes from New York.

INDICES

FINANCIAL TIMES

Jan. 5	Jan. 2	M'nth ago	Year ago
257.04	257.56	261.82	233.93

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Jan. 3	Jan. 2	Month ago	Year ago
Spot	382.31	383.47	390.18	347.07
F'tur's	382.24	383.40	386.45	337.74

(Average 1924-25-26=100)

MOODY'S

Moody's	Jan. 3	Jan. 2	M'th ago	Year ago
Spie Comty	976.1	977.2	981.1	892.3

(December 31, 1931=100)

REUTERS

Jan. 4	Jan. 3	M'nth ago	Year ago
1495.9	1492.0	1515.1	1419.3

(Base: September 18, 1931=100)

U.S. food aid reduced

WASHINGTON—Rising farm commodity prices are causing a decrease in the amount of U.S. aid that will be provided to needy countries in the Food for Peace programme this year, reports AP-Dow Jones.

According to figures released by the U.S. Agriculture Department, about 8.6 per cent less food will be provided in the year that began on October 1 than previously projected.

Most of the cut will be in U.S. wheat shipped under the Food for Peace programme but also will include less rice, corn (maize) and other commodities.

The figures were included in a revised list of allocations to 30 countries now scheduled for food aid in 1978-79.

In its preliminary allocation in September a total of $785m was specified for the Food for Peace programme, down from $800m in 1977-78. Because prices of many farm commodities were down at the time, it appeared that a larger total tonnage of food aid could be provided. It was estimated that more than 5.25m tonnes of food commodities would be available. The newly-revised tables now call for 4.8m tonnes.

NEW STRAIN OF STRAWBERRIES

By L. Daniel

TEL AVIV—A new strain of strawberries has been developed in Israel and is being exported for the first time this season. Initial shipments brought a record price of $6,200 per tonne fob.

The strain, named "nurit," ripens 20-25 days earlier than other varieties and thus enables growers to ship to European markets at the time when there is no competition.

So far, 28 tonnes have been this season are targetted to reach 75 tonnes. This quantity is to be substantially increased next year in view of the success of the first shipments.

Second-line stocks strong but equity leaders lose momentum after early extension of Wednesday's rise

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23
Jan. 15	Jan. 25	Jan. 26	Feb. 6

* "New time" dealings may take place from 9.30 am two business days earlier.

Ignoring the rather gloomy news background and the possible repercussions of the lorry drivers' strike in particular, investors yesterday decided to follow up Wednesday's good rise in equity stock markets. Fresh demand for leading issues, although initially encouraging, was to a degree overshadowed by a much improved interest for secondary stocks and it was the latter which finally emerged as the stronger.

Many of the early gains in first-line shares were exaggerated by continuing stock shortage and represented an extension of the previous day's bear squeeze. Rises were pared quickly around noon when buyers withdrew in the face of revived small sales, usually on profit-taking. However, the bulk of second-line issues resisted the reactionary tendency and closed at, or near, the day's best.

Potential bid candidates were favoured again and activity also developed in other situation stocks, but despite the seemingly optimistic mood of the market—the FT 30-share index was a further 6.3 up at 11 am—official markings totalled only 3,580 although this was an improvement on the previous day's 3,005 and the week-ago 2,445.

The index charted the downward course of the leaders from 11 am with a progressively smaller rise and at the final calculation it was only a net 2.0 higher at 481.9. The broad-based FT-Actuaries Industrial Group index ended with an improvement of 0.7 per cent at 221.10.

Few areas of the market failed to enjoy firm conditions. Even British Funds moved forward as bear-closing gained momentum in the morning business, producing recoveries extending to 1/16 among the shorts before they were finally trimmed to ½. The longer maturities were impressed by the movement and quotations here hedged up ½ following a combination of switching operations and small straight demand. The medium tap Exchequer 12¾ per cent 1985 closed at 97¾, only fractionally below the level at which the Government broker may become operational again.

Institutional demand for investment currency was again evident but the premium closed a fraction lower at 83½. Yesterday's SE conversion factor was 0.7021 (0.7039).

An increased business in Traded Options saw the number of contracts completed improve to 743—compared with the previous day's 507. Mark and Spencer attracted a good interest, recording 174 deals, while 131 were done in GEC.

Life issues firm

News that Pearl Assurance achieved a 41 per cent growth in new annual premiums for life assurance contracts and annuities last year helped the shares improve 4 to 238p and prompted useful sympathetic improvements in other Life issues. Demand in a thin market left Hambro Life up 13 at 405p, while London and Manchester put on 4 to 136p and Legal and General, following publication of their new life business figures, closed 3 to the good at 153p. Elsewhere, Edinburgh and General continued firmly at 32p, up 2.

Still reflecting Press comment, the major clearing banks moved further forward but failed to hold the day's best. Among merchant banks, Hambros stood out with a rise of 7 at 192p.

Among generally firm Breweries, Bass gained 2 to 171p, and Davenports 3 to 79p, both following the annual reports. Arthur Bell were again in demand following the U.S. marketing deal with PepsiCo and rose 4 for a two-day rise of 18 to 188p after touching 194p. Matthew Clark also improved afresh, adding 4 to 154p for a two-day gain of 12.

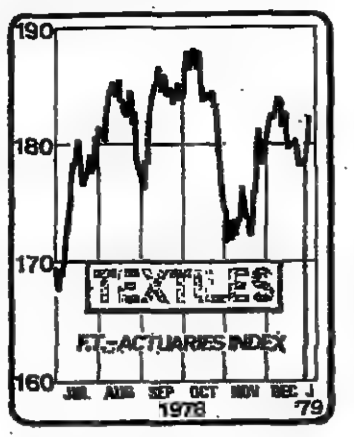
Buildings encountered a better trade than of late, but buying interest waned in the later trade and leading descriptions drifted back to close with only modest improvements. BPB stood out, however with a rise of 8 to 254p, and Johnson-Richards Tiles, following the rejection of the bid worth around 132p per share from Norcros, moved up 6 to match that price. Heywood Williams continued firmly and added 3 for a two-day gain of 6 to 148p on approval for the coming share-split. Leyland Paint improved 3 to 91p, while Burnett and Hallamshire put on 4 to 220p and Cement Roadstone a like amount to 104p, the last-named following an investment recommendation. In Timbers, Montague L. Meyer and International hardened 2 apiece to 85p and 121p respectively, while housebuilders Milbury improved the same amount to 69p.

Early buying interest lifted ICI to 371p, but subsequent lack of interest left the close unchanged on balance at 366p. Fisons encountered a similar trade and, after touching 312p, finished a net penny off at 307p. Stewart Plastics firmed 4 for a two-day gain of 12 to 175p and Plysu put on the same amount to a 1978-79 peak of 113p.

Bambers wanted

Secondary issues provided the main focal points in Stores. Renewed investment demand helped Bambers put on 6 afresh to 118p, while similar improvements were seen in James Beattie A, 137p, and Time Products, 203p. Particularly firm of late ahead of Monday's interim statement, H. Samuel A encountered sporadic profit-taking and softened 2 to 199p. The leaders found more support than of late but made only modest progress. Among Shoes, Stead and Simpson A improved 3 to 44p in front of today's interim figures.

Buying interest in the Electrical sector broadened, but demand often found the market short of stock and the resulting gains were out of proportion to the amount of business transacted. Farnell advanced to 413p before settling at 408p for a rise of 10, while United Scientific came to life with a gain of 8 to 268p. Renewed support left Sound Diffusion 3 to the good at 72p, after 73p, while further demand ahead of next Wednesday's interim results left H. Wigfall up 6 more at 260p.



Inclined firmer initially, Engineering leaders eventually drifted back and final quotations were narrowly mixed. Tubes ended 2 harder at 380p, after 383p, but John Brown finished a few pence off at 370p, after 374p. Elsewhere, demand was again forthcoming for Mining Supplies which advanced 6 further to 117p, while buying in a limited market left Victor Products 7 to the good at 120p. Birmingham Mint moved up 4 to 130p following news that Astra Industrial Group had increased its shareholding in the company to 10.9 per cent. Favourable trading statements left Birmingham Pallet, 84p, and Howden Group, 90p, up 2 apiece. GEI International attracted buyers at 88p, up 4, along with Whessoe, 3 dearer at 89p.

The Food sector featured Linfood, which, on interim profits well above market expectations, rose 13 to 139p. Speculative buying was directed towards Bernard Matthews which touched 190p before shading to 184p, up 6 on balance, and Avana, 3 better at 85p on takeover possibilities. Associated Biscuit firmed 2 to 72p; the new nil paid shares touched 12p premium before settling a penny higher on balance at 10p premium. Buyers came in for Sidney C. Banks which improved 4 to 82p and J. E. England, at 29p, up 1½. In the leaders, Tate and Lyle finished 2 cheaper at 186p after early progress to 190p.

Trust Houses Forte touched 264p before drifting back to close 3 higher on balance at 261p.

Rank higher

Persistent demand ahead of the preliminary results due on January 24 helped Rank Organisation rise 8 to 262p and feature the quietly firm miscellaneous Industrial leaders which managed to take the previous day's technical advance a modest stage further. Best levels were not held and Beecham, after touching 652p, closed only 5 higher on balance at 648p. Pilkington put on 7 to 305p but Glaxo finished unaltered at 515p, after 520p. Elsewhere, LCP jumped 18 to 110p on the disclosure that the group is selling its Homecentres subsidiary to W. H. Smith for a cash payment of £12m; the latter reacted from 147p on the news to close a penny easier on balance at 144p. Charles Hill of Bristol gained 5 to 90p following the sale of its building and engineering subsidiary to Norwest Holst and Extel added 14 more to 154p in continuing response to the increased stake recently taken in the company by Racal Electronics. Wilson Walton, on the other hand, fell 7 to 30p in reaction to the first-half profits setback and the omission of the interim dividend while Stanley Gibbons shed 4 to 295p, after 293p, after Press criticism about Letraset's bid.

In the Leisure sector, Samuelson Film Service gained 7 to 11p in a thin market.

Fodens reported a sharp downturn in taxable profits at the interim stage, and following the company's cautious statement concerning future trading the shares plummeted 8 to 49p. ERF, favourites for a merger with Fodens lost 7 to 123p. British Car Auctions responded to Press comment to put on 1½ to a 1978-1979 high of 56p.

Newspapers remained firm with News International adding 8 more for a two-day rise of 16 at a 1978-79 high of 288p. Associated rose 5 to 170p.

In Properties, buying emphasis shifted from the leaders to selected secondary issues. In thin markets, Churchbury Estates gained 10 to 35p and Mountview Estates rose 7 to 98p, while Lynton and Evans of Leeds put on 4 apiece to 134p and 92p respectively. Occasional interest lifted Regional 6 to 80p and Control Securities 2 to 35p, while Bellway added another 3 to 83p. Imry held a gain of 8 at 400p, while improvements of 4 were marked against County and District, 134p, Daejan, 110p, and Samuel, 94p.

Oils fluctuate

Trading conditions in the Oil market were extremely thin and sensitive. Leading issues quickly responded to initial scattered buying interest before reacting sharply to close around the overnight closing levels. British Petroleum touched 922p but reacted to close 2 off on balance at 908p, while Shell finished without alteration at 572p, after 580p. The majority of secondary issues moved in a similar pattern, Siebens (UK) closing 4 higher at 242p, after 246p.

Fresh buying interest was show in Trusts where small gains were fairly commonplace. Among Financials, Kellock encountered fresh speculative support and put on 3 more to 62p.

Shippings were inclined harder, with P. and O. Deferred improving 3 to 88p with the aid of an investment recommendation.

In Textiles, Bond Street Fabrics rose 3½ to 37 on slightly improved profits despite adverse trading conditions. Courtaulds closed 2 up at 121p.

Firm overnight in Johannesburg, O.K. Bazaars added 15 to 370p.

In Plantations, far-eastern influence coupled with some London follow-through left Guthrie 10 better at 335p, while Harrisons Malayan Estates rose 6 to 111p in a thin market.

De Beers up again

De Beers continued to hold the limelight in mining markets as further American buying lifted the price another 6 to 412p, after 416p; it has now risen over 40p in the past six trading days, reflecting market expectations of a brilliant 1978 world diamond sales figure.

Other South African Financials also moved ahead. "Johnnies" were prominent with a ½ improvement to £14½ in the year to last June diamond interests provided 32.4 per cent of "Johnnies" total income.

Union Corporation put on 4 more to 262p but Anglo American Corporation eased in the late trade to close a penny off on balance at 303p, after 306p.

South African Golds made modest headway following the $6.25 recovery in the bullion price to $225.625 per ounce; the rise reflected general satisfaction wtih the outcome to the latest International Monetary Fund gold auction.

However, business in the share market remained at a low level. Nevertheless, heavyweights showed gains of up to ½ as in Randfontein, £28½, while rises of ¼ were common to Vaal Reefs, £13¾ and Free State Geduld, £13¾.

Tins gained ground in line with the general improvement in Far Eastern markets. Ayer Hitam, 345p, Berjuntai, 225p and Southern Kinta, 175p, all registered gains of 5, while Kamunting put on 2 to 69p.

Australians were marked down at the outset owing to the weakness of overnight markets in Sydney and Melbourne, but modest London buying enabled prices to close above their lows. Conzinc Riotinto lost 15 to 290p, after 288p, and BH South 8 to 105p. MIM Holdings, however, gained 4 to 208p and Pacific Copper hardened 2 to 62p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
BP	£1	11	908	−2	954	720
ICI	£1	9	366	—	421	328
BAT Inds.	25p	8	285	+2	346	260
Glynwed	25p	8	108	+2	125	95½
Rank Org.	25p	8	262	+8	296	220
Allied Breweries	25p	7	85	+1	94	78
Barclays Bank	£1	7	373	+3	376	296
Boots	25p	7	193	+1	237	184
Burmah Oil	£1	7	88	+1	89	42
Extel	25p	7	144	+4	144	90
GEC	25p	7	327	+1	349	233
Grand Met.	50p	7	116	+1	121	87
Lloyds Bank	£1	7	293	+3	297	242
Marks & Spencer	25p	7	86	−1	94	67½
Tate & Lyle	£1	7	186	−2	218	164

FINANCIAL TIMES STOCK INDICES

—	Jan. 4	Jan. 3	Jan. 2	Dec. 29	Dec. 28	Dec. 27	A year ago
Government Secs.	68.61	68.47	68.60	68.69	68.66	68.68	78.09
Fixed Interest	70.29	70.24	70.30	70.23	70.22	70.22	81.19
Industrial	481.9	479.9	473.0	470.9	472.9	478.2	494.5
Gold Mines	138.8	137.8	138.0	141.5	143.2	142.5	150.3
Gold Mines(Ex-$ pm)	97.5	97.0	96.6	99.1	100.2	[illegible]	105.0
Ord. Div. Yield	6.00	6.02	6.11	6.13	6.10	6.03	5.42
Earnings, Y'ld % (full)	15.75	15.79	16.03	16.08	16.00	15.82	16.47
P/E Ratio (net) (*)	8.26	8.23	8.11	8.06	8.12	8.21	8.61
Dealings marked	3,580	3,005	2,465	2,555	2,445	1,674	6,231
Equity turnover £m.	—	37.74	39.15	51.38	47.67	16.80	76.98
Equity bargains total	—	9,895	7,712	8,403	10,266	5,057	15,287

10 am 481.8. 11 am 486.2. Noon 484.5. 1 pm 483.9. 2 pm 483.7. 3 pm 483.2.
Latest Index 01-246 8026.
* Nil=8.00.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex$ pm index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (3/1/78)	67.92 (10/11/78)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	69.30 (13/11/78)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	124.1 (29/11/78)	442.3 (22/5/75)	43.5 (28/10/71)
Gold Mines (Ex-$ pm)	152.3 (14/8/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Jan. 4	Jan. 3
—Daily		
Gilt Edged	135.4	110.7
Industrials	128.1	99.8
Speculative	30.6	28.9
Totals	81.5	68.4
5-d'y Av'r'ge		
Gilt Edged	97.5	[illegible]
Industrials	96.4	[illegible]
Speculative	22.7	[illegible]
Totals	64.0	[illegible]

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted by the Share Information service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (78)

BRITISH FUNDS (1)
Treas. Variable 1981
CANADIANS (1)
Brascan
BANKS (2)
Barclays Bank — Fraser Ansbacher
BEERS (4)
Burtonwood — Marston Thompson
Irish Distillers — Morland
BUILDINGS (3)
Milbury — Vectis Stone
Sharpe & Fisher
CHEMICALS (2)
Halstead (J.) — Plysu
STORES (4)
Bambers Stores — Boardman (K. O.)
Beattie (J.) A — Rosgill
ELECTRICALS (4)
Elec. Rentals — Unitech
Sound Diffusion — Whitworth Elect.
ENGINEERING (4)
English Card Cloth. — United Engineering
Howden Group — Ward (T. W.)
FOODS (5)
Avana — Matthews (B.)
Banks (S. C.) — Morgan Edwards
Edwards (L. C.)
HOTELS (2)
City Hotels — Comfort Intl.
INDUSTRIALS (19)
Billam (J.) — Grimshawe
British Vita — Johnson Cleaners
Caplan Profile — Kershaw (A.)
Christies Intl. — L. C. P. Hldgs.
Dinkie Heel — Lons & Hambly
Duiay Bitumastic — Prov. Laundries
Eleco — Renwick
Extel — Sketchley
Fothergill & Harvey — Stag Furniture
Gloves
INSURANCE (1)
Edinburgh Genl. Inv.
LEISURE (2)
Barr & W.A.T. A — Saga Holidays
MOTORS (2)
Fodens — Brit. Car Auction
NEWSPAPERS (1)
News Internatl.
PAPER (1)
Wace
PROPERTY (14)
Beazer (C. H.) — Imry Prop.
Brixton Estate — Law Land
Centrovincial Cap. — Mountview
Churchbury Estates — Peachey
County & District — Prop. Sec. Inv.
Fairview Ests. — Scot. Metropolitan
Hartley Ind. Trust — Stock Conversion
TRUSTS (3)
Kellock — Hambro Trust
Do. Conv. Ln.
OVERSEAS TRADERS (1)
Aust. Agric.
TEAS (2)
Lunuva — Blantyre

NEW LOWS (3)

FOREIGN BONDS (1)
Ireland 9¾pc '91-96
BANKS (1)
Hill Samuel Wts.
INDUSTRIALS (1)
Bath & Portland

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	88	—	10
Corpns. Dom. and Foreign Bonds	9	3	63
Industrials	601	91	838
Financial and Prop.	287	15	211
Oils	18	3	16
Plantation	19	1	12
Mines	53	15	73
Recent Issues	9	5	21
Totals	1,084	133	1,234

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1

For rate indications see end of Share Information Service.

Stocks to attract money for the call included Lonrho, UDT, Ultramar, Town and City, Amalgamated Stores, Kellock, Capital and Counties and Johnson-Richards Tiles. Puts were reported in New Throgmorton Capital and FNFC 9½ per cent loan, while doubles were completed in UDT, Westland and Woodside Burmah.

STOCK EXCHANGE BUSINESS IN 1978

Quieter trade in gilts leads to 20% fall in turnover

BY GEOFFREY FOSTER

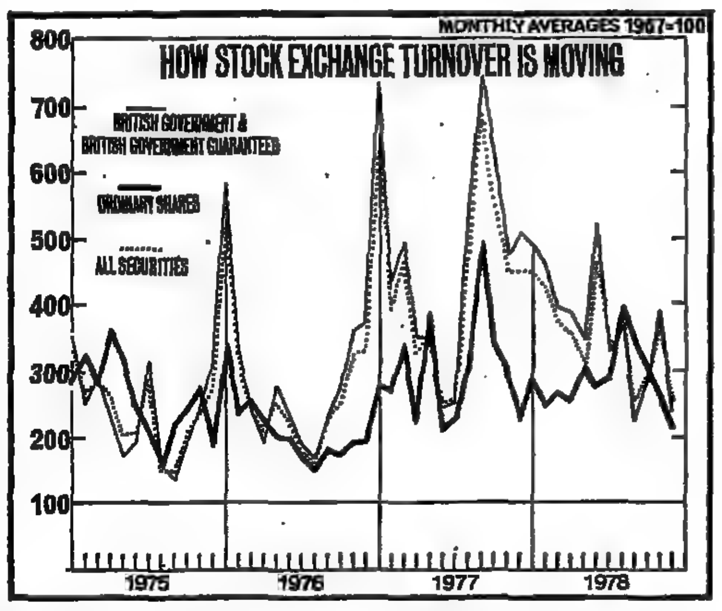
Stock Exchange business in 1978 contracted in all sectors compared with the previous year, with turnover in Gilt-edged nearly 23 per cent down on the record 1977 figures.

During 1978, £7.4bn of new Government stock was issued compared with £13.85bn in 1977 and £8.75bn in 1976. Inhibited by increased UK interest rates—the key Minimum Lending Rate jumped from 7 to 12½ per cent—and by the uncertain financial background because of the U.S. dollar's decline, trade in the gilt sector during the year fell by £31.1bn to £104.7bn. Turnover in short-dated issues, at £62.66bn, showed a 20 per cent reduction on the previous year and the number of bargains transacted in the funds as a whole was 216,751 fewer at 752,058.

The Financial Times Turnover index for Government Securities in 1978 recorded a monthly-average figure of 369.2 against the previous year's record 478.8 and the 1976 average of 288.9.

Business volume in Ordinary shares also decreased, but not so sharply. Turnover here fell by £0.95bn to £19.2bn, a near-5 per cent contraction. The FT Turnover index for Ordinary shares in 1978 averaged 285.7 compared with the 1977 average of 299.9 and the 1972 record of 345.8. The number of bargains dealt in Ordinary shares during the year was 0.5m lower than the previous year's total and, at 4.1m, compared with the peak 6.7m recorded in 1972.

The average value per equity bargain was around £4,760.



Mainly reflecting the fall-off of trade in gilts, turnover in all securities in 1978 contracted £34.6bn, or 20 per cent, to £138.8bn. This was reflected in the FT Turnover index for all securities which averaged 354.3 compared with the monthly average of 442.6 in 1977.

December proved to be the quietest trading month since June 1977, largely due to the fact that there were three fewer trading days than in November and because of the usual seasonal influences. Business in gilts fell by £3.6bn, or 39 per cent, to £5.6bn.

Trade in the shorts decreased by £1.3bn to £3.2bn but that in other fixed-interest fell by £2.25bn, or 46 per cent to £2.4bn. The number of bargains in gilts fell by 16,435 to 47,896.

The FT Turnover index for Government Securities in December was 236.4 compared with January's high for the year of 489.1 and the year's monthly average of 369.2.

Business in ordinary shares also wilted last month, contracting £0.29bn to £1.2bn, the lowest monthly total since June 1977; the year's high of £2.21bn was recorded in August. The number of bargains transacted in equities decreased by 77,959 to 256,050, but the average value per bargain improved slightly, by £222 to £4,660.

Turnover in all securities during December fell 31.5 per cent, or £3.77bn, to £8.21bn, again the lowest since June 1977.

Category	Value of all purchases and sales £m.	% of total	Number of bargains	% of total	Average value per day £m.	Average value per bargain £	Average no. of bargains per day
British Govt. and British Govt. Guaranteed							
Short Dated (having five years or less to run)	3,170.1	38.6	19,589	5.7	166.8	161,830	1,031
Others	2,415.2	29.4	28,307	8.3	127.1	85,323	1,490
Irish Govt.							
Short Dated (having five years or less to run)	508.6	6.2	1,885	0.6	26.8	269,804	99
Others	367.6	4.5	3,098	0.9	19.3	118,644	163
U.K. Local Authority	412.8	5.0	5,694	1.8	21.7	72,498	300
Overseas Govt. Provincial and Municipal	31.4	0.4	1,581	0.5	1.6	19,874	83
Fixed Interest Stock Preference and Preferred Ordinary Shares	107.7	1.3	25,686	7.5	5.7	4,193	1,352
Ordinary Shares	1,193.1	14.6	256,050	74.9	62.8	4,660	13,476
TOTAL	8,206.4	100.0	341,890	100.0	431.9	*24,003	*17,994

*Average of all securities.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	850	67	1	93	—	113	—	912p
BP	900	23	25	60	28	82	—	"
BP	950	1½	8	31	6	50	—	"
BP	1,000	½	—	13	16	28	—	"
Com Union	140	12	45	16	—	20	—	151p
Cons Gold	160	26	10	35	10	36	—	186p
Cons Gold	180	7½	10	17	8	22	—	"
Cons Gold	200	1½	17	8½	—	12	—	"
Courtaulds	100	21½	2	—	—	—	—	121p
Courtaulds	120	5	29	10	—	12½	—	"
GEC	330	7	86	22	—	34	—	336p
GEC	360	½	105	10	—	21	—	"
Grand Met.	100	16½	7	19½	8	23½	—	116p
Grand Met.	110	7½	39	10½	7	14½	—	"
Grand Met.	120	1¾	10	5½	15	9½	—	"
ICI	360	14	12	22	10	38	—	367p
Land Secs	240	10	4	20½	3	[illegible]	—	248p
Marks & Sp	60	27	5	29	—	—	—	86p
Marks & Sp	80	7½	52	11	—	15½	—	"
Marks & Sp	90	1	2	5½	13	8	102	"
Shell	560	27	7	46	—	62	—	576p
Totals			416		114		102	

Option	Ex'rc'se price	February Closing offer	February Vol.	May Closing offer	May Vol.	August Closing offer	August Vol.	Equity close
Boots	180	13	7	28	1	29	—	193p
Boots	200	5	42	13½	—	18	—	"
Boots	260	¼	—	5½	10	—	—	"
EMI	130	18	—	23	—	25	5	145p
EMI	140	9½	25	15	—	20	—	"
RTZ	240	9	2	16	23	21	—	251p
Totals			74		34		5	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
A$0.50	F.P.	—	78	61	Ashton Mining 50c.	77	+1	—	—	—	—
A$125	F.P.	—	106	97	††Aust. Farming A$1.	97	—	—	—	—	—
¶¶	F.P.	—	146	140	Costain Defd.	142	+2	—	—	—	—
155	F.P.	10/1	176	170	HarrisQueensw'y 20p	172	+2	7.8	3.1	6.8	7.2
29	F.P.	8/1	31	29	Kitchen Queen 10p	30	+1	b1.34	3.4	6.7	5.0
**	F.P.	—	34	31	M. Y. Dart Defd.	31	−½	—	—	—	—
110	F.P.	—	135	115	Mill'ttsL's'reShps20p	132	—	b5.7	1.8	6.4	12.7

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p.	+ or −
¶¶	F.P.	16/2	109p	108p	Assoc. Dairies 9¾% Pref	108p	—
¶	F.P.	26/1	100	99¾	Colne Valley Water 9% Red Prf. 1983	101	—
‡100p	F.P.	28/12	100½p	99p	Findlay 8% Cnv. Cum. Red. Prf.	99p	−1
‡100p	F.P.	5/1	106	102	Hawley-Goodall 12% Cnv. Uns. Ln. '86-88	105	+1
£1	F.P.	22/12	99p	97½p	Newman Inds. 10¼% Acc. Pref.	97p	—
¶	£10	—	13¼	13	Mid Kent Water 8% Pref. 1984	13¼	—
‡	Nil	11/1	1½pm	¾pm	Rivington Reed 9½% Cnv.Cum.Red.Pref.	1pm	—
97½p	F.P.	5/1	99p	97½p	Seascope 10¼% Pref.	97½p	−1½

"RIGHTS" OFFERS

Issue Price p:	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978/79 High	1978/79 Low	Stock	Closing Price p:	+ or −
60	Nil	—	—	12pm	7pm	Associated Biscuit	10pm	+1
560	F.P.	8/12	12/1	652	568	Beecham	652	+2
17	F.P.	18/12	26/1	20¼	19¼	Boulton (Wm.)	19¾	+¼
67	F.P.	29/12	5/1	77	69	Capper-Neill	71½	−1
305	F.P.	15/12	12/1	122	107	Clifford (Chas.)	120	−1
93	F.P.	15/12	19/1	116	101	Dixon (D.)	114	—
48	F.P.	3/1	9/2	53	47	Foster (John)	52½	−½
130	F.P.	8/12	12/1	147	140	Hoskins & Horton	145	—
210	F.P.	5/1	9/2	248	242	Lep Group	247	—
125	F.P.	15/12	12/1	161	150	M. L. Holdings	155	—
350	F.P.	3/1	9/2	320	298	Metal Box	310	+2
55	Nil	5/1	26/1	13pm	11pm	Milbury	11pm	—
185	F.P.	18/12	10/1	230	210	Stothert & Pitt	225	—
10	Nil	—	—	7½pm	4½pm	Suter Electrical Defd.	7pm	—
52	F.P.	18/12	18/1	75	67	Tern Consulate	69	—
228	Nil	10/1	9/2	8pm	6pm	York Fine Woollen	6pm	—

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Jan. 4, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., Jan. 3 Index No.	Tues., Jan. 2 Index No.	Fri., Dec. 29 Index No.	Thurs., Dec. 28 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	236.18	+0.8	16.97	5.55	8.07	234.29	231.39	230.71	232.08	212.72
2	Building Materials (27)	209.38	+1.6	18.02	6.17	7.63	206.12	203.61	203.37	204.35	195.39
3	Contracting, Construction (28)	364.07	+0.6	21.28	4.92	6.75	361.89	357.67	357.94	358.88	348.05
4	Electricals (15)	550.02	+0.7	13.63	3.45	10.10	546.22	540.58	536.74	541.92	464.37
5	Engineering Contractors (14)	361.09	+1.0	18.05	5.97	7.53	357.58	352.74	352.47	354.51	304.10
6	Mechanical Engineering (72)	184.74	+0.5	18.24	6.07	7.31	183.82	181.34	181.29	182.01	164.93
8	Metals and Metal Forming (16)	163.89	+0.7	16.67	8.76	8.33	162.75	160.27	159.35	160.43	161.90
11	CONSUMER GOODS (DURABLE) (53)	211.63	+0.6	16.58	5.10	8.04	210.39	207.34	207.15	209.06	195.25
12	Lt. Electronics, Radio, TV (16)	268.16	+0.7	13.90	3.89	10.09	266.35	261.89	261.91	265.01	235.12
13	Household Goods (12)	166.25	+0.2	18.17	6.86	7.55	165.93	165.25	166.34	166.85	183.82
14	Motors and Distributors (25)	122.25	+0.5	21.04	6.90	5.96	121.62	120.09	119.57	120.28	117.92
21	CONSUMER GOODS (NON-DURABLE) (170)	211.14	+0.5	16.15	6.04	8.23	210.15	207.21	206.66	207.54	205.66
22	Breweries (14)	234.63	+1.0	15.65	6.40	8.05	232.38	230.12	231.47	233.25	228.02
23	Wines and Spirits (6)	288.87	+1.1	16.08	5.16	9.13	285.71	279.15	282.48	282.92	249.50
24	Entertainment, Catering (17)	275.75	+0.9	13.45	6.39	10.05	273.27	269.24	267.55	269.29	267.80
25	Food Manufacturing (19)	202.69	+0.1	18.76	5.57	7.08	202.53	199.92	199.66	200.01	202.30
26	Food Retailing (15)	233.40	+0.9	14.27	5.05	9.57	231.21	228.83	227.62	228.00	219.57
32	Newspapers, Publishing (12)	377.34	+1.7	21.32	6.43	6.62	371.03	366.08	367.88	369.95	359.06
33	Packaging and Paper (15)	133.28	—	19.12	7.90	6.82	133.28	130.82	130.73	131.43	133.49
34	Stores (40)	195.46	—	12.12	4.07	11.87	195.38	191.74	189.76	190.80	197.04
35	Textiles (23)	182.39	+0.9	17.64	8.21	7.33	180.68	178.59	178.39	178.31	173.25
36	Tobaccos (3)	237.23	+0.5	23.39	7.91	5.06	236.05	235.08	235.10	236.07	224.53
37	Toys and Games (6)	92.10	+0.5	24.09	7.06	4.89	91.65	90.89	91.46	92.28	99.80
41	OTHER GROUPS (99)	198.31	+0.9	15.68	6.28	8.22	196.61	194.38	193.79	194.66	196.24
42	Chemicals (19)	278.59	+0.1	15.98	6.79	8.17	278.28	275.67	275.26	276.77	261.90
43	Pharmaceutical Products (7)	250.06	+0.7	11.10	4.65	10.92	248.35	245.15	242.72	243.76	262.35
44	Office Equipment (6)	135.02	+3.1	18.00	5.72	6.63	131.01	129.31	128.71	128.75	133.13
45	Shipping (10)	414.63	+1.6	14.59	7.33	8.70	408.18	405.44	406.20	405.69	482.88
46	Miscellaneous (57)	213.99	+1.2	18.02	6.71	7.39	211.54	[illegible]	208.63	209.79	208.23
49	INDUSTRIAL GROUP (494)	221.10	+0.7	16.28	5.90	8.17	219.64	216.79	216.21	217.31	211.26
51	Oils (6)	510.13	−0.1	13.69	3.95	7.94	510.47	501.52	505.29	509.20	479.54
59	500 SHARE INDEX	245.14	+0.5	15.88	5.60	8.14	243.80	240.47	240.20	241.52	233.65
61	FINANCIAL GROUP (115)	172.33	+0.8	—	5.64	—	170.95	168.88	167.85	168.81	177.85
62	Banks (6)	203.77	+0.8	23.12	5.78	6.48	202.17	198.80	195.51	197.89	204.03
63	Discount Houses (10)	218.06	−0.3	—	8.12	—	218.62	212.93	212.93	212.93	226.11
64	Hire Purchase (5)	167.79	+1.2	14.52	5.08	9.09	165.83	165.00	163.63	165.09	167.65
65	Insurance (Life) (10)	137.20	+1.4	—	6.85	—	135.30	133.47	133.13	133.91	148.19
66	Insurance (Composite) (7)	124.73	+0.2	—	7.03	—	124.54	123.32	122.51	122.65	142.42
67	Insurance Brokers (10)	311.85	+0.6	15.33	5.40	9.31	310.08	309.28	309.53	310.12	332.84
68	Merchant Banks (14)	79.78	+1.9	—	6.14	—	78.26	77.62	77.40	77.37	83.67
69	Property (43)	273.71	+1.0	3.79	2.95	42.22	270.94	267.26	267.42	268.89	251.34
70	Miscellaneous (10)	115.17	+1.5	21.74	6.84	5.81	113.46	113.01	113.84	113.88	109.93
71	Investment Trusts (111)	205.88	+0.9	—	5.13	—	203.96	202.36	202.80	203.80	201.13
81	Mining Finance (4)	102.99	+0.3	18.25	6.91	6.75	102.66	101.39	101.26	100.86	89.58
91	Overseas Traders (20)	298.69	+0.6	16.34	7.85	7.68	296.94	292.50	292.68	293.61	285.67
99	ALL-SHARE INDEX (750)	224.89	+0.6	—	5.65	—	223.52	220.60	220.22	221.39	217.22

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Jan. 4	Day's change %	xd adj. To-day	xd adj. 1979 to date
1	Under 5 years	102.86	+0.10	—	0.00
2	5-15 years	110.89	+0.25	—	0.00
3	Over 15 years	115.46	+0.17	—	0.00
4	Irredeemables	122.79	+0.36	—	0.00
5	All stocks	109.26	+0.17	—	0.00

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Thurs., Jan. 4	Wed., Jan. 3	Year ago (approx.)
1	Low Coupons	5 years	9.67	9.70	7.13
2		15 years	11.39	11.43	9.21
3		25 years	12.20	12.24	9.84
4	Medium Coupons	5 years	12.76	12.80	9.38
5		15 years	12.79	12.82	10.28
6		25 years	12.79	12.82	10.44
7	High Coupons	5 years	12.80	12.84	9.81
8		15 years	13.33	13.36	11.23
9		25 years	13.34	13.36	11.34
10	Irredeemables		11.94	11.98	9.88

		Thurs. Jan. 4 Index No.	Thurs. Jan. 4 Yield %	Wed. Jan. 3	Tues. Jan. 2	Fri. Dec. 29	Thurs. Dec. 28	Wed. Dec. 27	Tues. Dec. 26	Mon. Dec. 25	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.77	‡13.54	54.91	54.81	54.81	54.81	54.81	54.88	54.88	63.56
16	Investment Trust Prefs. (15)	51.05	13.70	51.34	51.34	51.17	51.17	51.17	51.17	51.17	57.33
17	Coml. and Indl. Prefs. (20)	72.26	12.96	72.37	72.37	72.38	72.38	72.38	72.38	72.42	77.59

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE AND PROPERTY BONDS

CORAL INDEX: Close 477-482

INSURANCE BASE RATES

†Property Growth	11¼%
†Vanbrugh Guaranteed	10.87%

†Address shown under Insurance and Property Bond Table.

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	23	......	—	—
41	33	Do. 5pc Pref......	39xd	......	—	—
98	98	Chilean Mixed.....	98	......	—	f3.18
22	6	Chinese 4½pc 1898	21	......	—	—
35	4½	Do. 5pc 1912	35	......	—	—
20½	4½	Do. 5pc 1925 Boxer	19½	......	—	—
415	350	German Yng. 4½pc..	415	......	4½	—
54	46	Greek 7pc Ass.	50	......	3½	f7.20
51	46	Do 6pc 28 Stab Ass..	49	......	6	f6.24
44	40	Do 4pc Mixed Ass...	40	......	4	f5.13

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 42⅞% (based on US$2.0165 per £)
Conversion factor 0.7022 (0.7039)

CANADIANS

S.E. List Premium 42⅞% (based on $2.3971 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: Bracken House, 10, Cannon Street, London EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.

Telephone: 01-248 8000.

Frankfurt Office: Frankenallee 68-72, 6000 Frankfurt-am-Main 1.

Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321

Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120

Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545

Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex 7900 Tel: 243 1635

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43

Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848

Rome: Via della Mercede 55. Telex 610032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88

Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920

Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440340 Tel: (202) 47 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139

Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East. For further details, please contact: Overseas Advertisement Department, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

For Share Index and Business News Summary In London, Birmingham, Liverpool and Manchester, Tel: 246 8026

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¼	$10¼	Buffels R1	$11xd	......	Q170c	1.8	17.9
$11¾	830c	East Drie R1	930xd	−10	†Q78c	1.7	9.7
585c	330c	East Rand Prp. R1	360cxd	......	—	—	—
$28⅛	$16½	F.S. Geduld 50c	$19⅝	+⅛	Q315c	ϕ	18.5
$15⅛	975c	Pres. Brand 50c	£11⅝	+¼	Q150c	ϕ	14.9
$13⅜	900c	St. Helena R1	$10¼	......	Q190c	ϕ	21.4
470c	313c	Stilfontein 50c	420cxd	......	†Q22c	2.3	6.0
$18⅞	$16¼	Vaal Reefs 50c	$18⅞	+⅛	Q115c	3.3	7.0
$37	$25	West Drie R1	$30½xd	−⅛	Q385c	1.7	14.6
$31¼	$19	West Hldgs. 50c	$22⅝	−⅛	Q415c	ϕ	21.2
$12½	895c	Western Deep R2	$11	......	Q82.5c	2.4	8.7

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ¥ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ll No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Ash Spinning	75	......
Bertam	15	......
Bdg'wtr. Est. 50p	325	+2
Clover Croft	28	......
Craig & Rose £1	615	......
Dyson (R. A.) A	35	......
Ellis & McHdy.	69	......
Evered	24	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	140	......
Higsons Brew	74	......
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	208	+6
N'thn. Goldsmith	74	−1
Pearce (C. H.)	198	......
Peel Mills	22½	......
Sheffield Brick	52	......
Sheff. Refrshmt	68	......
Sindall (Wm.)	120	......

IRISH

Conv. 9% '80/82	£98	......
Alliance Gas	100	+1
Arnott	370	......
Carroll (P.J.)	95xd	+3
Clondalkin	100	......
Concrete Prods.	143	......
Heiton (Hldgs.)	49	......
Ins. Corp.	168	......
Irish Ropes	101½xd	......
Jacob	50	......
T.M.G.	190	......
Unidare	80	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	28
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr	10
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	8
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5

Property

Brit. Land	3¼
Cap. Counties	4½
E.P.	5
Intereuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼

Oils

Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20

Mines

Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

هكذا من الأصل

FINANCIAL TIMES
Friday January 5 1979

UK still providing weapons for Iran

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

UK MILITARY equipment manufacturers are continuing to fulfil contracts *to provide* Iran with Rapier missiles and Chieftain tanks, with no indications so far that these deals, collectively worth *nearly £1bn*, are likely to be either curtailed or cancelled.

But the Iranian Government's *decision this week* to suspend further work on developing a military-industrial complex at Isfahan once present contracts are completed has caused considerable concern in UK industry, and accentuated the uncertainties surrounding all military-industrial activities in Iran.

The Isfahan complex was intended to include factories making guns, ammunition and, eventually, also military vehicles including tanks and spares. Its ultimate cost was expected to be between £750m and £800m.

So far, only the first stage has *been contracted for with* UK companies, costing about £60m and involving site selection, drawing up of detailed specifications for factories, and the provision of initial utilities (heating, lighting, water, some training of local personnel, and some buildings.

This work will continue to completion, but thereafter, the Iranian Government will not seek—at least for the time being—*further contracts for the additional* work necessary to complete the comlex and start production of military equipment.

Thus, British industry will be deprived, at least temporarily, of major potential orders for further civil engineering work, for machine tools and other equipment, and for the training of personnel.

At the same time UK companies are becoming increasingly worried about the future security of existing contracts with Iran, including the £400m Tracked-Rapier anti-aircraft missile contract held by British Aerospace's Dynamics Group, and the £500m-plus contract with the Ministry of Defence's Royal Ordnance Factories to build Chieftain tanks.

Both British Aerospace and the Ministry of Defence stressed that, so far, work was proceeding as planned, and payments were *coming through.*

But just before Christmas it had been reported that because of the problems in Iran, the Tracked-Rapier would be built entirely in the UK and not partly in Iran.

British Aerospace is this week-end bringing home about 80 of its 300 employees in Iran working under an earlier contract for the support of towed-Rapier missiles for the Iranian Air Force.

All the UK companies involved in work in Iran, both in the aerospace and civil engineer*ing industries*, say that they intend to fulfil their contracts for as long as they are able to. But all are clearly worried about the future.

Michael Cassell writes: The suspension of any further development work at Isfahan will come as a severe disappointment to Laing and Wimpey, the two British civil engineering companies who have been the main contractors on development there so far.

The two contractors have been involved in the project from its earliest stages and have between them already completed one £50m contract. They are *now* both *involved on* a further £60m work involving the provision of main utilities, infrastructure services and *factories*, due for completion towards the end of this year.

Though no details were available yesterday concerning plans to repatriate UK personnel, it is believed the contractors are considering withdrawal of substantial numbers. The prospects for contracts now underway being completed on schedule at the end of 1979 look doubtful.

Japanese trade mission plans to buy British

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN is to send a trade mission to Britain next month, to buy UK goods.

The mission will be led by Mr. T. Matsuo, president of the Marubeni Corporation, and is expected to include representatives of more than 50 companies.

Japan started import missions to countries with which it had an embarrassing trade *surplus* in 1973, but the first mission to Britain in the spring of 1973 failed to place any orders. Later missions made a point of announcing purchases.

The decision to send an import promotion mission to Britain comes at the end of a year in which the gap in UK-Japan visible trade has grown by about 25 *per cent*. Figures for the 11 months of the year show Britain increased exports to Japan by 20 per cent to £504m but imports from Japan rose by 23 per cent to £1.203bn.

The trade gap grew more slowly last year than in 1977 when it rose by 36 per cent, but the UK is still failing to penetrate the Japanese market with anything like the success Japan has achieved in Britain.

Hopes that the problem might be partially solved by a major *aircraft sale collapsed in the* autumn when TOA Domestic Airways postponed a shorthaul aircraft order for which British Aerospace had been competing.

Concentrate

The buying mission will be split into five groups, three of which will concentrate on specific product areas, *machinery, textiles, food and* consumer goods.

The fourth group will study ways to promote Japanese investment in British industry while the fifth will include spokesmen and mission co-ordinators.

Leaders of the individual groups will be directors or senior officials of trading com*panies, banks and department* stores. The president of Mitsukoshi, Japan's largest and oldest department store, will probably head the consumer products group.

Britain's own attempts to promote exports to Japan will include 13 specialised trade missions at the British Export Marketing Centre in Tokyo this year.

The first, a fashion dispay, starts this month.

The British company Redifon recently won a £2.5m order for the supply of a Boeing 747 training simulator to Japan Air Lines.

Colin Veitch writes: Mr. John Smith, Britain's Trade Secre*tary, has welcomed the mission* in a message to Mr. Esaki, the Japanese Minister for International Trade and Industry.

The British Overseas Trade Board expects the visit to run from February 26 to March 6. The first three days will be spent in London, after which the mission will look at different products throughout *the country.*

The Japanese have not yet said which specific products they wish to see but the board expects the machinery field to include electronics, agricultural machines and environmental-engineering equipment.

Continued from Page 1

Pressure on food prices

but no signs of any widespread "panic" buying.

Items, such as sugar, salt, fresh foods and some canned meats and vegetables were short, but the supermarket companies endorsed that they had alternatives for each product in short supply, with the possible *exception of sugar.*

Leading national supermarket chains are understood to hold at least thre weeks' supply of *groceries in their warehouses.* Reserves are in any case higher than usual because managers were forewarned of the lorry drivers' action.

Mr. David Cramb, chairman of the Cake and Biscuit Alliance, whose members account for 95 per cent of UK cake and biscuit production, warned that his association's products could disappear from the shops in the next week or so because of the strike.

He said many biscuit factories would be shut down by this weekend and all works would *close by early next week unless* transport workers stopped picketing companies supplying edible oils and fats.

Supplies of meat have not yet been affected either by the weather or industrial action, the Meat Trades Federation said yesterday. But shoppers might find some problems with the limited selection of cuts on offer.

The National Federation of Fruit and Potato Traders, rep*resenting wholesalers, said it* was monitoring trade at markets around the country and reporting its findings daily to the *special "emergency" unit at the* Ministry of Agriculture.

While supplies were shorter than normal for the time of year, the federation said it needed two or three days more before it could assess accurately the extent of shortages.

The Fresh Fruit and Vegetable Information Bureau reported that retailers were increasingly *"slashing"* their profit margins to attract back shoppers frightened away by rapidly escalating prices.

The Milk Marketing Board has borrowed three Guinness tankers and is using Freightliner trains to transport milk to creameries able to process it into butter.

Although supplies are still getting through to all doorstep delivery companies, much of the production in the West Country is being diverted into manufacture because the Board cannot transport it to usual direct consumption markets.

The Guinness tankers—*capacity 20,000 litres each—will* go into service today, taking milk from Bristol to Felinfarch creamery in mid-Wales.

Doorstep supplies will be scarce in parts of Merseyside this morning, however, after a walkout at a Unigate Dairy in Liverpool. Two hundred workers left the bottling plant following the suspension of four *men who refused to load some* vehicles.

Almost 50,000 gallons of milk are bottled daily at the dairy.

Weather

UK TODAY

IT WILL be mostly dry with sunny periods but there will be snow showers on the East Coast and in Scotland. It will remain very cold.

London, S. Cent. England, Midlands, Channel Is., West, Wales

Dry with sunny periods, moderate winds. Max. 0C (32F).

S.E., E. Anglia, E. Coast

Sunny periods and snow showers. Max. 1C *(34F).*

N. England

Sunny periods, freezing fog. Max. 2C (36F).

IoM, Cent. Scotland, Highlands, Western Is., Ulster

Sunny periods, snow showers. Max. 4C (39F).

S. and E. Scotland, *Orkney and* Shetland

Cloudy, sleet or snow. Max. 2C (36F).

Outlook: Frost and freezing fog patches. Becoming less cold with some rain in Scotland and Ulster.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsdm.	C	−8	18	Madrid	C	8	46
Athens	F	6	43	*Mnchstr.*	C	0	32
Bahrain	C	22	72	Melbne.	S	29	84
Barclna.	C	13	55	Mexico C	S	20	68
Beirut	C	14	57	Milan	Sn	−5	23
Belfast	F	3	37	Montrl.	C	−10	15
Belgrd.	F	−1	30	Moscow	Sn	−16	03
Berlin	F	−8	18	Munich	F	−6	21
B'ham	C	0	32	Newcstl.	C	−1	30
Bristol	F	1	34	N. York	S	−2	28
Brussels	C	−5	23	Oslo	F	−14	7
B. Aires	S	23	73	Paris	C	−2	28
Cairo	S	20	68	*Perth*	S	22	72
Cardiff	F	0	32	Prague	F	−8	18
Chicago	S	−15	6	Reykvk.	C	−11	12
Colgn.	C	−8	18	Rio J'o	R	27	80
Copnhgn.	F	−7	19	Rome	R	5	41
Dublin	C	3	37	Singpr.	C	28	82
Edinbgh.	C	−3	27	Stckhm.	S	−9	16
Frankft.	C	−7	19	Strasbg.	C	−5	23
Geneva	Sn	−5	23	Sydney	C	21	70
Glasgow	C	−3	27	Tehran	S	16	60
Helsinki	C	−14	7	Tel Aviv	C	15	59
H. Kong	C	20	68	Tokyo	C	11	52
Jo'burg	C	18	64	Toronto	C	−12	10
Lisbon	C	12	54	Vienna	C	−4	25
London	C	2	36	Zurich	C	−7	19
Luxbg.	C	−8	18				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	R	8	46	Jersey	Sn	−1	30
Algiers	C	17	63	Las Plms	C	20	68
Biarritz	C	13	55	Locarno	C	0	32
Blackpl.	C	0	32	Majorca	C	14	57
Bordx.	C	8	46	*Malaga*	R	12	54
Cablnca.	C	17	63	Malta	C	13	55
C. Town	S	25	77	Nairobi	S	24	75
Corfu	C	5	41	Naples	R	4	39
Dubrvnk	C	−2	28	Nice	R	4	39
Faro	R	12	54	Nicosia	R	9	48
Flornce.	Sn	0	32	Oporto	F	13	55
Funchal	C	14	57	Rhodes	F	6	43
Gibrltr.	R	13	55	Salzburg	F	−8	18
Gurnsy.	Sl	1	34	Tangier	R	13	55
Innsbk.	C	−10	14	Tunis	C	16	61
Invnss.	Sn	1	34	Valencia	C	16	61
I. of Mn	C	2	36	Venice	C	−2	28
Istanbul	F	−3	27				

S—Sun. F—Fair. C—Cloudy. Sl—Sleet. Sn—Snow.

Newspaper peace hopes rise on improved offer

BY PAULINE CLARK, LABOUR STAFF

THE five-week-old strike by Britain's 9,000 provincial journalists appeared nearer a solution yesterday when employers improved their overall pay offer to members of the Institute of Journalists to 13 per cent on earnings from a previous 11 per cent.

The National Union of Journalists, which represents the majority of the strikers, is excluded from the offer because the Newspaper Society has refused to negotiate with it until industrial action is halted.

Effectively, however, the offer can be expected eventually to be applied to NUJ members as well as to non-striking members of the Institute.

A pointer

The Institute rejected yesterday's offer but agreed to meet the employers again for further talks next Tuesday, when it hopes to achieve a further improvement.

If a better offer is made to *non TUC affiliated Institute* journalists, efforts to end the NUJ strike are likely to intensify. The offer would act as ap ointer to the level at which the NUJ can resume negotiations once the deadlock is broken.

The NUJ, which claims more than 90 per cent support for its first major national strike in the provinces, has demanded a £20 a week increase across the board.

Yesterday's offer on basic rates ranged from 13.26 per cent (or £8.08) to 18.25 per cent (or £13.43) for journalists in the provinces. Those working for provincial newspaper groups in London were offered increases of up to 25.16 per *cent* (or £17.69) including rises as a result of regrading.

Unimpressed

Mr. Bob Farmer, general secretary of the Institute, said last night that most journalists in the provinces would receive an average increase of 17.5 per cent (or £12.50). Although this had been rejected the gap was seen as narrow enough to justify a further meeting. A ballot on the offer would be deferred until after Tuesday.

***The NUJ yesterday attacked* the Newspaper Society for refusing to negotiate with the union and for adopting "a posture which can only increase the anger and determination of our members." It added that the union was "not impressed" by the latest offer to the Institute.**

Times rejects inquiry call, Page 7

Prudential staff win up to 14%

BY CHRISTIAN TYLER, LABOUR EDITOR

DETILS of a *Stage Four pay* settlement which could set the pace for the insurance industry emerged yesterday.

Some 5,000 staff at Prudential Assurance, first of the big league to settle in the current wag eround, have secured, after dispute, increases of up to 14 per cent on basic rates. In addition productivity payments of *slightly more than 17 per cent* are expected to come due this year under a deal negotiated in 1970, which yielded 17 per cent last year.

The deal for most of the staff, members of the Association of Scientific Technical and Managerial Staffs, is worth between 10.5 per cent and 14 per cent on basic. Managerial staff earn*ing between £9,500 a year and* £14,000 a year, will, according to the union receive more.

ASTMS disclosed details of the deal in retaliation against a new move by it rival, the National Union of Bank Employees. The bank union is bidding for the staff association in Phoenix Assurance. ASTMS said yesterday that it, not the bank union, was the main union in insurance and set the standards on pay in the industry throuogh it sole bargaining *rights* at "*a majority* of the major companies like the rudential."

The Prudential deal, which had been kept secret for fear of Government sanctions (now officially dropped by the Prime Minister) goes even further to *breach the pay policy* and its 5 per cent limit by containing a commitment to future payments.

In a bid to get round any Stage Five pay policy that may be introduced next August, ASTMS has secured an index-linked arrangement which could give up to 9.8 per cent automatically next October. Pen*sions have been improved,* as have some other benefits.

But the Prudential will cease to be the prime target of ASTMS next year. The present deal is expected to run from October this year to April 1980, giving a new anniversary at the back of the queue. The new target will be either Pearl Assurance, where ASTMS claims almost *100 per cent membership, or* Royal Insurance.

Commenting on the Phoenix battle, Mrs. Muriel Turner, ASTMS assistant general secretary, said that the bank union had no members there, while ASTMS had 700. She would be referring the case to the TUC. Mr. Len Murray, its general secretary, has told the bank union to stay out of insurance and ASTMS to stay out of banking.

"ASTMS deeply deplores inter-union competition *in this highly* profitable sector," she said. "It is against the interests of the employees and the companies themselves. *We want to avoid, if* we can, the mistakes that have been made in other sectors, notably in manufacturing."

Sir H. Fisher to head Lloyd's rules inquiry

BY JOHN MOORE

SIR HENRY FISHER, a former High Court judge and now president of Wolfson College, Oxford, is to head a working party to look into the self-regulation mechanisme of Lloyd's of London.

Names of the other members of the group are still being discussed with Sir Henry. They will be announced shortly, as will the precise terms of reference of the inquiry.

Lloyd's decision to look into its own club-like system of regulating its insurance market was announced in mid-December following public criticism over the way it had handled an inquiry into the so-called "Savonita" claims row.

Sir Henry, 60, who has a commercial background (he is a director of Thomas Tilling and the Equity and Law Life Assurance group), said last night: "It is a very important inquiry, and falls into step with other moves in the City that have happened recently, such as the Wilson Committee's inquiry, which have examined the workings of capital markets."

Lloyd's, which is conscious of the political attention that the market has received in the last year, said yesterday: "We would like to see the inquiry completed as quickly as possible, compatible with efficiency. But obviously we would like the job to be a thorough one rather than rushed."

Continued from Page 1

Barre presses Germany

the burden in other areas, in particular agricultural affairs."

He expressed deep regret about the weak state of the dollar and hoped European and U.S. monetary authorities could get together in the next few months to take steps towards better management of the international monetary situation.

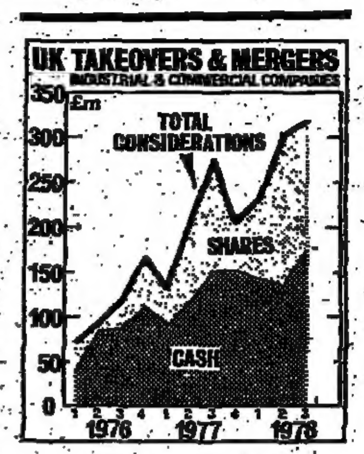
The achievement of monetary stability was the decisive act required to launch fresh world growth and create the confidence needed for investment. "Currency is the key to everything," M. Barre said.

His remarks confirm that France sees the EMS issue as *one to* be thrashed out with Bonn rather than with other EEC members. With some skill, he skirted the fact that the system of Monetary Compensation Amounts was set up at Frnace's request when it devalued the franc in 1969.

THE LEX COLUMN

The bid bandwagon rolls again

Index rose 2.0 to 481.9



It is not quite like 1972, when £2½bn was spent on the acquisition of industrial and commercial companies in the UK. But there has certainly been a marked revival in the level of takeover activity in the last year or so, and the action has become hectic in recent weeks. If GEC's possible offer for Averys is included, the value *of bids currently* outstanding exceeds £400m. This compares with a total figure of £847m in the first nine months of 1978, and just £291m *in the whole of* 1975. According to the merchant banks, there are no signs that this hot pace is going to slacken off in the near future.

There is no single explanation for this renaissance, and no particular pattern to the bids. A healthy level of company liquidity is obviously a help—and the *most recent* of official survey shows that although the liquidity of leading companies slipped back in the second half of 1978, it was still well above previous peaks. This shows up in the high cash content of the current crop of bids. Unlike the 1972 boom, which was largely financed by the inflated value of company paper, roughly two-thirds of the value of bids currently outstanding is backed by cash.

Business confidence obviously plays a part as well, and that is also reasonably healthy according to recent surveys. Banks say their clients feel that some degree of stability has returned to the financial markets, and that the wounds of 1974-75 have pretty well healed. It is noticeable that in many cases, bidders are seeking to strengthen their portfolio of businesses by diversifying into complementary but not overlapping activities. "Synergy" is still out of fashion, which means that the anti-trust authorities are probably not having too testing a time. But this may be a *matter of* presentation as much as of business realities.

Fodens

Plucky little Fodens is fighting with its back to the wall once again. Profits in the first half of the year have collapsed from £1.29m to £98,000 pre-tax, and earlier hopes of a good recovery in the rest of the year seem to have been abandoned though the second half "should be better." Whatever is lacking at Fodens, however, it is not optimism, which is there in plenty. Gazing into 1979-80 the Board proclaims that a big pay-off will at last come, when the company is utrned up to produce its new model range at efficient rates.

It is 3½ years since Fodens *was rescued by the city institu*tions ahead of the big loss in 1975-76. In the summer of 1977 the company then had to face a bid from Rolls-Royce Motors worth eventually around 53p a share, which got nowhere in the face of a profit forecast of £2.5m (with £2.8m actually achieved). At the time, Fodens painted a rosy view of its longer term prospects, *claiming that the* heavy vehicle sector had "one of the highest growth rate expectations of any industry."

But the cofpany's ambitions have been partly based on insecure export markets in the Gulf and Africa. Demand in these areas has slumped at the very time that Fodens has faced a lull between two military contracts, *while bringing out the* new range for the some market has proved expensive. The hope now is that in 1979-80 the benefits will be realised from the complete model changeover within the last two or three years. But interest payments, and gearing must have increased this year, so Fodens are high is relying heavily on the commercial vehicle market being reasonably firm over the next 18 months.

Linfood Holdings

Because the recent acquisition, Wheatsheaf, is included for the first time it is difficult to interpret Linfood Holdings' interim figures, which show pre-tax profits up from £2.95m to £3.50m. The company does nothing to help its shareholders with their sums.

Anyone reading the gloomy statement issued in *October* by Linfood chairman Lord Kissin could be forgiven for imaginin gthat the opening costs of Wheatsheaf's Bristol hypermarket and its substantial losses in Spain would weigh heavily on the first h alf figures for the enlarged group. In fact they are treated as pre-acquisition losses and make no appearance in the interim profit a nd loss account.

Interest amounting to £0.55m on the convertible loan stock issued in part payment for Wheatsheaf is relegated below the line; advance corporation tax is not taken into account in calculating attributable earnings. Plcing these two items in more conventional positions in the profit and loss account gives pre-tax profits (on sales more than doubled through taking in Wheatsheaf) unchanged from the year-ago *figure, and attributable earnings* of £2.37m compared with £2.63m. Fully diluted first half earnings per share work out at around 6.2p, down from 12.7p the previous year.

Even taking into account the *improvement in trading mar*gins now reported to be under way in the small shops which form the backbone of Linfood's business, and the cost-saving effects of the enhanced buying power that the enlarged group should command, it is hard to see why the shares rose 13p yesterday to 139p. It is easier to understand why the company is not *committing itself* to a higher dividend at this stage.

Mercantile Credit

The British tax system has some strange effects on British company accounts, and few annual reports are stranger in this respect than that of Mer*cantile Credit*, the *instalment* credit and leasing subsidiary of Barclays. Pre-tax profits are £32.9m but there is a £73.5m transfer to deferred taxation, and in all Mercantile now has deferred tax reserves of £183.4m against shareholders' capital of just £43.6m.

Partly this is because Mercantile is being used to mop up the tax liabilities of other Barclays subsidiaries. It is also because pre-tax profits, as the Inland Revenue calculates them, are more like £100m (depreciation not being relevant). Moreover Mercantile is deferring more than just tax provisions: it is putting off for another year, as it is entitled to, the question of how to respond to the new tax accounting standard SSAP 15.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.